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SOUTH KOREAN 'DICTATOR' TO BE FORCED TO STEP DOWN

OW242344 Moscow Television Service in Russian 1045 GMT 24 Jun 87

["From "The World Today" program presented by Dmitriy Biryukov]

[Text] From our previous newscasts you are familiar with the situation in South Korea. Without exaggerating it has reached a critical point. We have also reported on Washington's quite obvious concern, whether it will be able to push the course of events in a direction acceptable to the United States.

It is now possible to say more definitely that Chon Tu-hwan, a dictator with the title of president, will be forced to step down. Reports from Seoul indicate that today he held a 3-hour meeting with opposition leader Kim Yong-sam. The reports do not reveal any details of the talks, but they stress that the main topic was prospects for so-called free elections in South Korea.

It is probably a little premature to comment on these reports. However, it is possible to say that for the U.S. Administration it is important to preserve U.S. influence in South Korea. This is precisely why the White House is particularly afraid of the demands of participants in the popular protest movement to eliminate American military bases in South Korea and to lessen its dependence on the military bases in South Korea and to lessen its dependence on the United States.

BIRYUKOV ON SIGUR VISIT TO SEOUL, PROTESTS

LD241851 Moscow TASS in English 1818 GMT 24 Jun 87

[Text] Moscow June 24 TASS -- TASS political news analyst Askold Biryukov writes:

Washington has sent Gaston Sigur, assistant secretary of state for East Asian and Pacific affairs, to Seoul as a "fire-fighter" to try and quench the flames of popular wrath in South Korea, which are threatening to reduce the pro-American dictatorship of Chon Tu-hwan to ashes.

Just a few days ago Seoul radio predicted that the Government of South Korea was going to adopt emergency measures to suppress massive anti-government protests.

Kim Yong-sam, chairman of the opposition Democratic Reunification Party, warned in a KYODO TSUSHIN interview, however, that if the government opted for emergency measures, there would be a civil war in South Korea.

It is easy to guess what the prospect is fraught with for the dictatorship and also for Washington itself, which holds the props under it.

The prospects of losing a bastion of anti-communism in South Korea and a strategic nuclear staging area in East Asia is nightmarish for Washington and this is why there is frantic search under way there for trouble-shooting measures to lend the facade of the ruling regime in South Korea a "democratic" look, without changing the status-quo there.

This is the rationale behind the visit by the U.S. envoy to Seoul.

The goal was served by today's meeting between President Chon Tu-hwan and Kim, organized under pressure from Washington. But the opposition leader said after the talks they had been "insatisfactory".

He described the resumption now promised by the dictator of parliamentary debates with the opposition on an electoral reform, which Chon broke off arbitrarily last April, as a waste of time since, he said, the past year had demonstrated that such discussions were fruitless.

The dictator had not replied to the opposition's demands for a revision of the constitution, a direct presidential election and the release of all political prisoners, Kim added.

In those conditions, he said, he could not ask the people to refrain from staging anti-government demonstrations.

These protests, in the meantime, have continued. Last Tuesday alone more than 15,000 students demonstrated in Seoul, demanding: "Down with the dictatorship" and "Yankee, go home".

They burned in effigy the dictator and Retired General No Tae-u, an associate in the military coup that has enthroned Chon who has now appointed No to be his successor, and also burned an American flag as they view the continued existence of the Seoul dictatorship as associated with the Stars and Stripes.

Students plan a mass march Friday to the Blue House -- Chon's residence. The authorities are bracing for the day too, with the police preparing their truncheons, tear gas canisters and, last but not least, live ammunition.

The WASHINGTON POST warned that South Korean military commanders could be tempted to use force to "restore order" and, in the process, seize power once again, in the same fashion as they had done in 1961 and in 1979-80.

In Washington they keep stressing the need to "achieve political stability" in South Korea and the necessity of "dialogue" and "compromises" and pretending that they are not aware of any human rights abuses in South Korea.

Even according to South Korean security forces, however, some 12,000 people have been arrested there during the latest protests and just 336 have since been released.

This is why, the Japanese newspaper ASAHI said, the opposition and students were prepared at any time to step up their protests. Kim told NBC television that more than 90 percent of all South Koreans hated the present dictatorship and if President Chon and chosen successor No attempted to keep in power, they would fail.

MOSCOW TV COMMENTS ON S. KOREA, U.S. ROLE

LD232221 Moscow Television Service in Russian 1445 GMT 23 Jun 87

[From "The World Today" program presented by Vitaliy Ilyashenko]

[Text] The mass protests in South Korea have reached such a pitch and scale they are beginning to seriously alarm Washington politicians: the political crisis and protests may lead to the collapse of Chon Tu-hwan's pro-American regime and the U.S. presence in South Korea may be hit. There are 40,000 U.S. soldiers stationed there. [video shows violent clashes between police and demonstrators on streets] Numerous U.S. bases, including nuclear weapons bases, are located here.

In Washington they have decided to interfere in the course of events in Korea -- as they say, to let the steam out of a boiling cauldron that is ready to burst. U.S. Assistant Secretary of State Sigur has arrived in Seoul. He is holding urgent talks with Chon Tu-hwan and the other leaders of the South Korean government. It is also learned that a personal message from President Reagan was sent to Chon Tu-hwan.

Washington's tactics are clear -- to induce the dictatorial regime to create the outward appearance of reconciliation with the opposition forces and to promise reforms. The main thing is to put down the intense protests. [video shows U.S. envoy meeting Korean leaders]

In the White House they are also disturbed by the fact that many U.S. senators are speaking out against the repressions of the Seoul regime and in favor of political reforms and democratization of life in South Korea. Thus the American aspect in the development of events in this country is being put in the forefront.

Many are worried about the fate of the future Olympic Games, which are set to take place next summer in Seoul. Richard Pound, vice president of the International Olympic Committee appeared on the television program "Meet the Press." [Video shows Pound, identified from caption speaking in English] He said that if the situation in South Korea does not return to normal then it will be necessary to transfer the Olympic Games.

Preparations for the Olympics are already underway. Great resources have already been invested. Of course, the Seoul authorities would like the Olympic Games to take place: Their prestige is at stake. But the inhabitants of South Korea think otherwise. First -- before holding the Olympic Games -- they want to see democracy restored to their country; one can understand that. [video shows athletes training, people attending meeting]

PRAVDA OUTLINES CENTRAL COMMITTEE PLENUM AGENDA

PM261100 Moscow PRAVDA in Russian 26 Jun 87 Second Edition p 1

[Unattributed report: "Information Report on the CPSU Central Committee Plenum"]

[Text] Moscow June 25 TASS -- A regular plenary meeting of the CPSU Central Committee opened here on June 25, 1987. On the agenda is the question "On the party's tasks in fundamentally restructuring management of the economy". A report on this question was made by the General Secretary of the CPSU Central Committee Mikhail Gorbachev.

The participants in the plenary meeting were provided in advance with these of Comrade Mikhail Gorbachev's report and also a review of letters from working people concerning questions of restructuring the management of the national econony.

The speakers in today's discussion of the report were:

V.V. Shcherbitskiy, first secretary of the Central Committee of the Communist Party of the Ukraine, V.I. Vorotnikov, chairman of the Council of Ministers of the Russian Federation, B.N. Yeltsin, first secretary of the Moscow City CPSU Central Committee of the Communist Party of Belorussia, V.T. Adylov, leader of a team of lathe operators at the Tashkent aviation production amalgamation named after V.P. Chkalov, G.P. Bogomyakov, first secretary of the Tyumen regional CPSU Committee, L.N. Zaykov, secretary of the CPSU Central Committee, G.V. Kolbin, first secretary of the Central Committee of the Communist Party of Kazakhstan, V.P. Nikonov, secretary of the CPSU Central Committee, V.K. Mesyats, first secretary of the Moscow Regional CPSU Committee, N.V. Talyzin, first deputy chairman of the Council of Ministers of the USSR, chairman of the State Planning Committee of the USSR, M.G. Vagin, chairman of the Lenin collective farm in Kovernino district, Gorkiy region, A.A. Logunov, vice president of the USSR Academy of Sciences, rector of Moscow State University named after M.V. Lomonosov, P.M. Telepnev, first secretary of the Arkhangelsk regional CPSU Committee, D.I. Patiashvili, first secretary of the Central Committee of the Communist Party of Georgia, Y.P. Batalin, deputy chairman of the Council of Ministers of the USSR, chairman of the USSR State Committee for construction.

The plenary meeting of the CPSU Central Committee will continue its work 26 June.

Gorbachev Delivers Report

PM261055 Moscow PRAVDA in Russian 26 Jun 87 Second Edition pp 1-5

["On the Party's Tasks in Radically Restructuring the Management of the Economy. Report by M.S. Gorbachev, General Secretary of the CPSU Central Committee, at the CPSU Central Committee Plenum 25 June 1987"]

[Text] Comrades!

We are holding this plenum on the threshold of a most important event in the life of the party and our entire society. In a few months the country will be celebrating the 70th anniversary of the Great October Socialist Revolution.

Great October told the world of the birth of a new workers' and peasants' state, asserted the humane principles of society's socioeconomic development, elevated working people, and broadened the scope for initiative and creativity from the masses. All this has made it possible for us to turn the country into a mighty industrial power in a very short historical period, to successfully solve the most complex social problems, and to create a great multinational alliance of peoples striding down the road of socialism.

Each generation of Soviet people has made its own contribution to developing, strengthening, and defending the gains of October. We are rightly proud of our history and look to the future with confidence.

At the present stage the Soviet people and the party, guided by Leninist teaching and creatively developing it, are continuing the revolutionary cause via restructuring and the renewal of all spheres of society's life.

Today we will have to examine one of the cardinal questions of restructuring. It is a question of a radical reform of the running of the economy and qualitative changes to the system governing the economic mechanism. Changes which will bring new opportunities for exploiting the advantages of the socialist system.

Before moving on to this question, the Politburo deemed it necessary to present the Central Committee with its assessment of the progress of restructuring and the fulfillment of the decisions of the 27th CPSU Congress.

I. Along the Road of the April Plenum

Certain Political Results of Restructuring [subhead]

Comrades! The period since the April plenum has been one of the most crucial and politically rich periods in the history of our party and the people's life. It is typified by intensive theoretical and practical work and quests for and solutions to the new problems being encountered by Soviet society.

It can be said with confidence that over the last 2 years the political situation in the country has substantially changed. There is an increasingly deeper realization that the need for restructuring was generated by the growing contradictions in society's development -- contradictions which, as they gradually accumulated and were not resolved in good time, essentially acquired forms presaging a crisis.

Under these complex conditions the party worked out the course of restructuring. We started moving forward. The renewal process is becoming more and more specific in form, absorbing a wider and wider range of problems, and encompassing new layers of social life.

Restructuring in society is deepening and growing. First and foremost it is aimed at clearing away the contradictions that were formed by the main components of the braking mechanism, thereby giving a powerful and irreversible boost of acceleration to social development.

It is necessary to clearly realize that we do not only see the goals of the acceleration of socioeconomic development in overcoming the lags and deformations that have been permitted in various spheres of society's development. These goals, dictated by historical necessity and by changing -- fundamentally changing -- domestic and international conditions, are aimed at achieving a qualitatively new state of socialist society.

History has not left us much time to solve this task. Socialism's potential, its practical usefulness for people, and the extent to which society is socially effective will be judged precisely on the progress of restructuring and its results.

This, Comrades, defines both the scale of the work being carried out and the extent of our responsibility.

The changes taking place in society since the January plenum show particularly clearly that the country's healthy forces and working people firmly advocate restructuring, acceleration, the immediate resolution of urgent problems, and the unconditional overcoming of stagnation and conservatism.

The process of the democratization of all aspects of life is extensively developing and deepening in the country. Social organizations are acting with greater initiative. Democratic initiatives in the administration of production are gaining ground. Public opinion is making itself felt clearly and weightily. The mass media have started working more actively in the interests of restructuring. An offensive against bureaucratism is under way and management methods involving the imposition of administrative policies are being gradually overcome. Important changes are taking place in cadre work, and cadre complements are being renewed by an influx of new blood.

The experience of democratization convincingly shows that we are on the right road. This opens good prospects for improving our political system and society as a whole.

The current outburst of spiritual activeness can be put down as an achievement of restructuring. Public interest in the processes taking place in science, literature, the arts, and press, radio, and TV reporting has increased. People want to know more about our country's past, present, and future, and sharper and closer attention is being devoted to public and state affairs and to philosophical, moral, and ethical problems.

In embarking on a reform of secondary and higher education we are taking the first step toward the creation of a modern education system. All this reveals new reserves for further developing and deepening restructuring.

If we are talking about a political assessment of the processes taking place in the economy, I would spotlight people's changing attitude to work and the fulfillment of their production duties. This is largely determined by the fact that working people support the line of restructuring and the acceleration of socioeconomic development through their work. That is the first thing.

Second, it is linked with the transition of many economic sectors to new management methods, complete economic accountability [khozyaystvennyy raschet], and self-financing while simultaneously developing progressive forms of labor organization, above all the collective contract.

The new situation has also affected economic results to a definite extent. Labor productivity growth rates have increased. On average over the past 2 years they have exceeded the average annual indicators in the 11th 5-Year Plan by 30 percent in industry and construction, by 100 percent in agriculture, and by 200 percent in rail transport. On average in 1985-1986 growth rates were 4.4 percent in industrial production and 3 percent in agriculture. A positive trend has been visible in such an important sector as capital construction, which had been in a very difficult position. Positive changes have also come about -- not without difficulty and struggle, but they have also come about -- in other sectors of the economy.

Additional opportunities have been found for strengthening the material base of the social sphere. Almost R40 billion in excess of what was allocated in the 5-year plan plan have been designated for these purposes. The growth rate of capital investment in the development of the social sphere is 200 percent higher than in the national economy as a whole.

Obviously you will agree, comrades, that the period since the Central Committee January Plenum requires special analysis and political assessment. What is, above all, important to note in this area?

It can be said that a new stage has opened in restructuring -- the stage of the resolution of specific tasks in all avenues and all spheres of society's life.

The January plenum gave a powerful boost to labor and social activeness. It became obvious that nobody could stand aside from restructuring -- everyone has to take a stand. During these months Soviet people have sensed particularly acutely the complexity of the accumulated problems and are becoming more and more clearly aware of the need for really fundamental changes and the consistent implementation of the line of renewal. At the same time the realization has deepened in the party and society that restructuring is a complex and contradictory process.

The revolutionary transformations in society have brought to the fore the contradictions between the demands of renewal, creativity, and creative initiative on the one hand, and conservatism, inertia, and selfish interests on the other. One manifestation of this real contradiction is the disparity between the masses' growing activeness on the one hand, and the bureaucratic style of activity still alive in various spheres and the attempts to freeze restructuring on the other. Swift and resolute measures are needed to overcome this contradiction -- both in cadre policy and in the assertion of new approaches and norms of party, state, and public life.

What does the Politburo see as the most effective means of resolving this contradiction? The answer is unambiguous and definite -- the extensive development of democracy. Today -- and this has been proved by life yet again -- it is the running of society in the form of administrative directives that is retarding our progress. Democratic, and only democratic, forms are capable of imparting powerful acceleration to our progress.

Experience of restructuring and its initial stage also prompts us to take a close look at the actual, existing conflicts of interests between various groups of the population, collectives, departments, and organizations. [paragraph continues]

Undoubtedly, socialism eradicates antagonistic interests. This thesis is well-known and true, but in no way does it mean that eliminating antagonistic interests is the same as unifying them or leveling them out.

Take the attitude toward restructuring. On the whole there is a general realization of the impossibility of living and working in the old way, and of the objective need for restructuring and profound transformations. But as soon as restructuring started to turn sharply toward work, to imbue all strata of society, and to reach individuals, we saw how a contradiction surfaces between immediate, narrow interests and even the egoistic motives of certain individuals and groups on the one hand, and the interests of all society and working people's long-term interests on the other.

We can clearly see the difficulties restructuring is encountering in party, soviet, and economic organs. Can we fail to sense how reluctantly it is received in certain central departments? The complexities of restructuring are attested by the experience of the state acceptance system, the struggle against drunkenness and alcoholism, and the efforts to instill order and discipline. They are also attested by the first steps in introducing economically accountable initiatives and asserting principles whereby pay is wholly linked with end results. All these, Comrades, are real processes and actual contradictions. We must be aware of them and take them into account.

Society cannot be led by its own selfish interests and actions. These must be resolutely combated. Here, too, a worthy example is shown by the working class and labor collectives, particularly at those enterprises where state acceptance has been introduced. As is well known, this is not a simple matter, it concerns the interests of millions. Nonetheless, the working class has clearly defined its position: State acceptance is necessary, it is needed by all society, the entire people, and each individual.

The working class is boldly striding down the road of renewal. I would say that in all its actions the working class is vanguard of restructuring. This is of decisive importance for its success. Labor collectives are using their initiative in tackling the resolution of key questions of the country's socioeconomic development by spotlighting the timely and good-quality fulfillment of contractual commitments for output deliveries. The competition in honor of the 70th anniversary of Great October is gaining momentum. In short, the working class is charging restructuring with high-intensity energy.

The behavior of those who for their own selfish ends are hampering social transformations and standing in the way of restructuring looks particularly unseemly against the backrop of the genuinely civic-minded position of the working class. I think that labor collectives and party and social organizations should be firm in their attitude toward such people and not tolerate them. That is the demand of life. That is our understanding of the question in the Politburo.

Under the conditions of restructuring the problem of the harmonization of social and personal interests emerges once again. The search for the correct relationship between the two is of enormous importance -- it is the task of actual practice. It is a question of taking account of the entire range of interests -- the interests of individuals, collectives, classes, nations, ethnic groups, and social and professional groups, and the complex dialectics of their interrelation -- to guarantee society's dynamic development.

Interests must be fostered and channeled through the new economic management mechanism, through democratic institutions, and through policy, ideology, and culture. The purport of restructuring ultimately lies in taking account of interests, influencing interests, and ensuring management of and through interests.

The contradictions we encountered in labor and distributive relations when we started switching to complete economic accountability, to payment for end results, and to collective and family contracts must also be discussed. What happened here? The fact is that the fundamental socialist principle of "from each according to their abilities, to each according to their labor" is in practice often sacrificed to a simplistic concept of equality. These questions are currently being actively discussed -- and not only on an economic level, but also on a moral and ethical level.

It would seem to be clear that equality does not mean leveling down. But in practice something else often happens. The trend toward leveling down has doggedly gained ground. It has engendered parasitism, had a detrimental affect on the quantity and quality of work, and reduced the incentive to boost labor productivity.

It must be repeatedly stressed that genuine equality can only be ensured through the totality of the political, economic, social, and legal means at socialism's disposal.

We are proud of the high level of social welfare provided for people in our country. This is what makes socialism what it is -- a system of the workers and for the workers. But the fundamental material and moral condition of people in socialist society should be labor, and labor alone. Creative, highly productive labor, talent, and people's real contribution to the common cause must be encouraged in every possible way. On the contrary, passivity, inactivity, low working standards, and antisocial phenomena must be assessed in the corresponding manner -- socially and economically. Therein lies the socialist content of social justice.

Comrades, I have touched on only some of the problems which most tangibly reflect the contradictory nature of the phenomena taking place. The newness and scale of the tasks demand constant attention to the scientific analysis of the progress and socioeconomic consequences of restructuring and the contradictions inherent in this complex social process. We urgently need a principled breakthrough on the theoretical front based on a stringent analysis of the totality of the facts of social life and a scientific substantiation of the goals of and prospects for our progress. It is impossible to make successful progress by trial and error. That will cost society dearly. The art of political leadership requires the ability to reveal and effectively resolve contradictions -- not to suppress and accumulate them but to turn them into a source of progress and self-development.

We have been left inspirational examples of boldness in theory and profound breakthroughs to the future by the founders of the Marxist-Leninist teaching. The experience of the Paris Commune gave Marx the opportunity to develop the question of ways of moving from capitalism to communism. On the basis of the experience of the first years of socialist transformation in Soviet Russia V.I. Lenin developed and enriched the theory of building a socialist society. We must now profoundly interpret the practice of socialist development and the wealth of experience accumulated in all its diversity both by ourselves and by the fraternal countries. Work in this direction has started, and we have already obtained certain important results on which we are relying in formulating and implementing our policy. But the main work is still to come.

On the whole, Comrades, despite all the complexities, difficulties, and obstacles, today at the plenum we can say with complete justification that restructuring has won an ideological and moral victory, spreading both vertically and horizontally.

But in making such a responsible assessment we must not permit exaggerations, much less complacency. We are now essentially only on the first wave of restructuring. This wave has stirred up the stagnant water.

The party has awoken the masses' activeness. Our duty is to prevent the dissipation of this elan, to develop it, and to bring it to full fruition. It is all the more necessary to say this because working people are still concerned about the fate of restructuring. People continue to advise and, I would say, demand that we do not stop but continue down the road of change. During my recent trip to Baykonur, in a conversation with working people in Leninsk City, I was asked when restructuring would reach them. I replied that the leaders of the republic and the oblast were there, they were listening to our conversation, and that they should ponder why such a question was being asked and learn the relevant lessons from it.

Take, for example, letters to the CPSU Central Committee, the USSR Supreme Soviet Presidium, the USSR Council of Ministers, the editorial offices of central newspapers, journals, the radio, and television. They contain the same. People write that they support restructuring but see no changes around them. Restructuring has not affected the labor collectives, cities, and villages where they live and work. Many people conclusively confirm that with facts. Thus, despite tremendous efforts, restructuring has not really reached many places. This, Comrades, is a very serious sympton. The Politburo cannot ignore the situation which has occurred. It has been discussed many times when preparing for this plenum.

What conclusion do we reach?

Restructuring began on the party's initiative and is being carried out under its leadership. The party has roused the country, attracted millions of people by its ideas, and engendered tremendous hopes. If working people today are concerned at the slowness of the transformations, then that means we are allowing slackness in our work.

An alarming trend has taken shape, Comrades, and this is shown by the facts -- namely, that a number of party organizations lag behind the prevailing mood and the dynamic processes which are developing within society. Obviously, this question must be examined at our plenum. This is the crucial feature in our work today. How the party is going to act also determines the course that restructuring will take.

When we demanded 2 years ago that leading party, soviet, and economic cadres organize efficient work, the reply we often heard was: We understand the new tasks but give us time to evaluate the situation, master the new methods and forms of work, and apply them in practice.

The Politburo responded to that sympathetically. We said at the time that everyone is being given both time and the opportunity to restructure. But, Comrades, things do not stand still. Restructuring within the party cannot be allowed to lag behind the economic, social, and spiritual processes taking place; the changes in people's lives and feelings cannot be allowed to outstrip the understanding of those processes within the party, and in particular within its leading organs.

Working people justly write that those who wanted restructuring have already done something about it and joined in the work. But those who did not understand the new tasks and who continue to cling to the old ways are effectively sabotaging restructuring by their own inactivity. Thus the Politburo puts in concrete terms the question of increasing the responsibility of communists and leaders of party, soviet, and economic organs for the state of affairs, for the real solution of the urgent problems, and the course of restructuring.

There must be greater exactingness at all levels. But we must begin with ourselves -- the Politburo, the Secretariat, the government, and members of the Central Committee.

At the present crucial stage in the society's development, a tremendous responsibility rests on the Central Committee Politburo. It goes without saying that assessing this activity is the Central Committee's prerogative. I should like to assure you that the Politburo has a thorough understanding of its responsibility to the Central Committee, the party, and the people for the solution of the new and complex tasks. Large-scale work has been launched in a short time in all areas of social transformations.

I can state that within the leadership of the party and the country there is a unity of views on the fundamental questions of restructuring and of domestic and foreign policy. This unity makes it possible to adopt and confidently implement the decisions dictated by the times. I believe this is always important but even more so in the crucial stages of development.

On the Politburo's behalf I must self-critically state that we also see the weaknesses in our practical activity. There have been instances when important decisions on major questions of the country's development have been implemented slowly and less than fully. There has been a principled and frank discussion on this score in the Politburo. Now, as a rule, and as a form of monitoring we have begun at Central Committee Politburo and Secretariat sessions to hold regular examinations of the course of the fulfillment of the most important decisions taken since the Central Committee April Plenum and the 27th CPSU Congress.

The USSR Council of Ministers is working from active positions in conditions of restructuring. However, it must also continue to improve its activity in the management of the economy and the implementation of social policy tasks, combining concern for development prospects with the solution of current tasks. The restructuring of central departments is proceding more slowly than life demands.

It is clear to us that the transformations we are carrying through are impossible without active work from local party, soviet, and economic organs and all leading cadres. They bear a great responsibility for the practical solution to the specific questions of restructuring. What we now regard as positive is connected to a considerable extent to the work of local organizations. But I believe that you will agree restructuring at local level is only just beginning and is not proceeding uniformly everywhere. In some places "preserves" of inertia and lack of initiative persist. All this is also the reality which we have no right to ignore, just as we have no right to leave those factors unattended in the party's assessment.

Paramount Tasks of the Present Stage of Restructuring [subhead]

Comrades! Our task is to take a critical look at the state of affairs and to analyze objectively the successes and weaknesses of restructuring. A principled and frank discussion, concrete proposals, and constructive ideas are needed.

Let us begin with how the national economy is developing. The Politburo drew attention in good time to the complexity and responsibility of this year's tasks. It seemed that everyone understood that. However, in the first months of the year grave errors were committed which led to disruptions in many areas of the economy. Both the Politburo and the government had to take urgent measures to rectify the situation. Even though the situation is returning to normal, considerable damage has nevertheless been done.

Yet what happened at the beginning of the year could have been anticipated and prevented. But that did not happen and the prime responsibility for that is borne by the USSR Gosplan (chairman -- Comrade N.V. Talyzin) and the USSR Gossnab (chairman -- Comrade L.A. Voronin).

But they were not the only organs to commit mistakes. The Ministry of Ferrous Metallurgy (minister -- Comrade S.V. Kolpakov) and the Ministry of the Chemical Industry (minister -- Comrade Yu. A. Bespalov) failed to take the necessary measure in time. The nonfulfillment of contract deliveries by enterprises of those ministries led to disruptions in the pace of work in other sectors of the national economy, above all in machine building.

The plan for the supply of equipment to kolkhozes and sovkhozes by the Ministry of Machine Building for Animal Husbandry and Feed Production (minister -- Comrade L.I. Khitrun) was not fulfilled in terms of the results of the first 5 months of the year. The reasons for that are the low level of organization of work of many enterprises in the sector, particularly with regard to current output quality. The potential created within the sector is not yielding the proper return.

Or take light industry, which has transferred to new conditions of economic management. Citing objective difficulties, the sector's leadership refused to accept many trade orders and proceeded to reduce its output. Yet real opportunities for growth do exist. What was needed was to seriously set to work to produce popular goods, those that the customer wants, in place of goods not in demand. The position of the Ministry of Light Industry and its minister, Comrade V.G. Klyuyev, is an example of how departmental interests can rise above society's needs and, thus, the people's interests. There can be no other assessment here.

In this connection I would like to lay particular stress on the central management organ's responsibility for restructuring. It must be enhanced in every way in the light of the new tasks.

We have, for example, a program for modernizing Soviet machine building. This is a major task. Large-scale work has been launched here with the aim of achieving considerable end results.

But it must be said bluntly that we are worried by the position in machine-tool manufacture and in the ministries of Heavy and Transport Machine Building, the Electrical Equipment Industry, and Machine Building for the Light and Food Industry and Household Appliances. We are still far from achieving a breakthrough in instrument making, although some efforts are being made there, too.

Modernization tasks are being tackled slowly in other machine building ministries, too. We understand, of course, that machine builders have encountered great complexities and difficulties. This is a question of the fundamental restructuring of the work of the entire machine building complex. But it is hard to understand why many ministers and ministry party committees and apparatuses are acting as though they are resolving everyday questions. In the situation which has come about there is clearly insufficient activeness and efficiency in the work of the Bureau for Machine Building (chairman -- Comrade I.S. Silayev), the Gosplan and Gossnab, and some CPSU Central Committee departments. Clearly, the situation in the machine building complex should be examined by the Politburo and the USSR Council of Ministers.

Comrades! I have already said that by no means have all local party and Soviet organs actively joined in restructuring. It is marking time in Armedia, for example. The republic's working people are showing great alarm at the situation which has taken shape there in the economy and particularly in the ideological and moral sphere. At the same time, the Armenian Communist Party's leadership and above all Comrade K.S. Demirchyan, the Central Committee first secretary, think that the situation in the republic is quite satisfactory. Furthermore, there are actually some who claim that restructuring began in Armenia even before the CPSU Central Committee April Plenum. It is hard to say just what they mean by that.

There is a totally unjustified air of calm in the republic and a lack of the proper exactingness toward cadres, and an effective struggle has not been mounted against bribery, speculation, and favoritism. The Armenian Communist Party Central Committee must analyze in depth the state of affairs both in the party organization and the republic as a whole, examine it from the standpoint of principle, and tackle the restructuring not in words but in deeds.

Nor are there many noticeable improvements taking place in a very large oblast party organization like that of Gorkiy Oblast. Many vitally important questions are being resolved here unsatisfactorily. The oblast's mighty potential is not being used properly and the social sphere and the agrarian sector of the economy are developing poorly. It is to be presumed that the party obkom (first secretary -- Comrade Yu. N. Khristoradnov) and all the oblast's party organizations will draw conclusions from the criticism and rectify the situation.

CPSU Central Committee departments are also called on to act in a new way in the new situation by exerting a deeper influence on the state of affairs in the republic, kray, and oblast party organizations and ensuring the monitoring of the fulfillment of CPSU Central Committee decisions.

Comrades, it is understood in the party and society that restructuring is a long-term policy and that the task of raising Soviet society to new heights cannot be achieved overnight. But it seems that some comrades have taken this correct and realistic guidelines to mean that restructuring is not part of our general strategic guidelines on acceleration, that it can be implemented at a leisurely pace, without special care, even without troubling oneself much at all. This is a profound error for at least two reasons.

First, we have lost years, even decades that way; second, there can be no "beautiful tomorrow" unless we work today by the sweat of our brow, change our way of thinking, overcome inertia, and master new approaches. Talk to the effect that "restructuring will wait" is harmful and dangerous. The Politburo sees the question in these terms: Right now, in the initial stage of restructuring, and in every area of work, everyone must strive for perceptible practical results in his own activity.

Soviet people understand that the achievement of many of restructuring's goals will take a long time. But they rightly ask: Why are the urgent and comparatively easy tasks which would considerably improve the conditions of work, life, and everyday activity and correct the moral and spiritual atmosphere not being resolved now?

Our people have also noticed that in some areas not only is progress not being made but that the advances made at an earlier stage are even being lost. Take the campaign for discipline and order, for instance. It is a fact, after all, that in many places the momentum has been lost and work is proceeding extremely sluggishly. The incidence of drunkenness has increased again and idlers, parasites, and pilferers -- people who live at the expense of others -- again feel at liberty. This worries working people. That is a justified concern, comrades.

The fact that discipline is lax and the proper order is lacking is indicated by the periodic recurrence of major emergencies. As a rule, the causes are the same: indiscipline, slipshod work, negligence, and irresponsibility. That fact is shown by the violation of Soviet airspace and the landing in Moscow by a West German light aircraft. The incident was unprecedented, whichever way you look at it. It is a reminder yet again of just how strong and tenacious the negative phenomena exposed by the Central Committee April Plenum and the 27th party congress are in our society, even in the army. This emphasizes the need to increase vigilance, to act even more resolutely, to boost discipline, organization, responsibility, and efficiency at all levels and everywhere. On behalf of the Politburo and the Defense Council I firmly state that there must be no doubt, either in the party or among the people, of the USSR Armed Forces' ability to defend the country.

Comrades, when we speak about tasks of a paramount nature and about urgent matters, we are presuming that the obvious, widespread shortcomings will be removed first of all and that there will be greater order in trade, the services sphere, health care, and municipal services, that is to say, in those areas of the economy which directly affect people's daily lives.

Of course, these questions must be at the center of attention at government level, but it is also necessary to be more demanding toward the situation in republic, kray, oblast, okrug, city, and rayon organs of power. It is now necessary, unfortunately, to deal with a situation in which there is much talk about the benefit of restructuring but little practical action to satisfy people's most simple needs. Parasitism has become deeply rooted among many local workers. Even in those places where quite a small effort and the minimum of attention is needed people still blame the center and wait for help from a higher level. Such a stance is totally unacceptable. It must be resolutely condemned and eradicated. That is where the party's gaze and party exactingness and monitoring are needed! But those things are patently lacking.

At today's plenum, I would particularly like to single out among the priority tasks that of providing our people with food, housing, consumer goods, and services.

It must be said that in this we already have concrete experience and concrete results.

Take the food problem. Here the situation is improving. The figures in this respect are generally well known. I will only mention a few which characterize the changes in the last 2 years. Compared with 1984, grain production has increased by 37 million tonnes, meat (carcass weight) by 1 million tonnes, milk by 4.3 million tonnes, and eggs by 4.2 billion.

We can speak of a revival of economic life in the countryside. This has become possible thanks to the change in economic conditions and economic management methods, first and foremost the introduction of full economic accountability and the collective and family contract.

The Politburo believes that at the present stage all the objective conditions have been created for what I would call a kind of leap forward in stepping up production of agricultural products. The potential for radical improvement exists on every kolkhoz and sovkhoz.

In this context, where is it important to focus special attention? First and foremost, on the assimilation of intensive techniques in the production of crop farming and livestock raising products, the wider introduction of the collective and family contract, and the more active resolution of the countryside's social problems. This, Comrades, is one side of the question.

The other is to resolutely stop those who are continuing to interfere in the work of kolkhozes and sovkhozes without taking material responsibility for it. At the recent conference at the CPSU Central Committee kolkhoz and sovkhoz leaders asked us to guard against precisely this kind of unlawful interference in the farm's activity. It is our duty to help the rural workers call to order those who cannot part with their former methods of working.

Thanks to the change in the procedure for planning deliveries to union-republican stocks, the interest of republics, krays, oblasts, and rayons in increasing the production of agricultural products has today increased immeasurably. But at the same time their responsibility for supplying food has also increased. It should be said that this has given a powerful boost to initiative locally. Wherever people have quickly grasped the real nature of the changes and assessed the opportunities which have opened up, quite good results can already be seen. Krasnodar Kray, for instance, on the results of the first 6 months of the year, coped successfully with deliveries of livestock products to the union-republic stocks. On top of this they procured 15,000 tonnes of meat for their own needs. That is more than 35 percent of the basic market allocations. In addition to that, there is more than 100,000 tonnes of milk and 65 million eggs.

Or take the Tatar ASSR. Here 15,000 tonnes of meat and 59,000 tonnes of milk were added to the basic allocations for local needs. There is a similar situation in Ivano-Frankovsk, Poltava, Cherkassy, and Chernovitsy Oblasts of the Ukraine. In these four oblasts the supplement to the meat allocations totaled around 20,000 tonnes. The oblasts of Belorussia have earned an additional 25,000 tonnes of meat and 260,000 tonnes of milk to improve local supplies. The same can be said of the Baltic Republics and Kurgan, Orenburg, Saratov, Ulyanovsk, and a number of other oblasts of the RSFSR.

Every support must be given to the desire of oblast, kray, and republican organizations to increase the production of agricultural products in the public sector so as to surpass the 5-year plan targets and on this basis ensure unconditional fulfillment of deliveries to state stocks and substantially improve supplies to the local population. This is the main avenue. The kolkhozes and sovkhozes should increase the return on investments channeled into the development of the countryside in recent years.

But all the reserves must be utilized. We should return once again to the subject of the role of the personal subsidiary plot. Locally, there are different views of this and different attitudes toward utilizing the potential of the personal subsidiary plot.

Here is an example. In Omsk Oblast in the last 10 years the production of meat in personal yards has increased from 27,000 to 60,000 tonnes, an increase of 120 percent. Here virtually every family living in rural localities raises cattle, hogs, and poultry. The population are given all-around assistance with young animals, feed, and the provision of appropriate services. Last year the cooperative system bought 20,000 tonnes of meat from the population. Prices for fresh meat in the oblast's markets are no higher than R3.5 per kilogram.

But here are some examples of a different nature. Vladimir Oblast has great industrial and agrarian potential. Nonetheless last year the oblast produced only 46 kg of meat (carcass weight) per head of population, and as a result one-fifth of the meat products sold here are brought in from other regions of the country. The situation is no better with the supply of dairy and meat products in such major agricultural oblasts as Vinnitsa, Kirovograd, Nikolayev, and Yaroslavl.

Much could be done on the basis of local initiative not only to increase the production of agricultural products, but also to develop the food industry. Why, for instance, do Uzbekistan, Kirghizia, Tajikistan, and Turkmenia import between 25 and 50 percent of their confectionery from other republics, although they have very rich raw materials resources? Only 30 percent of supplies of canned fruit and vegetables to the population of Kazakhstan are accounted for by local production, while the rest is shipped in. What good is that?

Comrades! In the next 2-3 years it is necessary to satisfy the population's requirements for orchard and garden plots. It is time we stopped citing the shortage of land. This is not in accordance with reality; the land is there. And where there is indeed a lack of vacant land, we should move in the direction of allocating a portion of the land belonging to kolkhozes, sovkhozes, and enterprises. Let us agree once and for all: It is necessary to fully satisfy all the working people's needs and lift unjustified restrictions and obstacles in this matter.

I think we should also resolve more rapidly the issue of the utilization of houses and farmstead plots which have lain empty for many years or even decades in a number of rural regions of the country, especially the Nonchernozem Zone. The number of abandoned houses has today reached nearly 800,000. Around them is neglected land.

People do not understand this attitude to land and buildings. In appeals to the Central Committee and other organizations they ask permission to acquire these houses and use the land. I think it would be right if kolkhozes and sovkhozes were to lease abandoned houses and plots to urban dwellers who want them. In many cases this could be done on a contractual basis, so that the land is used for the production of agricultural products.

Another example of the lack of resourcefulness in tackling the food problem is the situation regarding the transportation, storage, and processing of agricultural raw materials. It was stressed at the 27th party congress that the elimination of these losses would make it possible to increase consumption resources by 20-30 percent and save substantial funds. This arithmetic should be clear to a fourth-grade student.

However, in 1986 the USSR Gosagroprom [State Agro-Industrial Committee], the Ministry of the Fish Industry, and Ministry of Grain Products failed to utilize R450 million of funds allocated for the development of processing sectors.

Think about this fact, Comrades: The plan for construction in these sectors was not fulfilled by the majority of union and autonomous republics, krays, and oblasts. That is graphic evidence of how we approach the resolution of a vitally important problem. It appears that the produce we struggle to create will continue to spoil because there are not enough storehouses or capacities at processing enterprises, and then the losses will be made good through imports. It is time we stopped viewing such things impassively. The USSR Gosagroprom (Comrade V.S. Murakhovskiy), together with the local organs, must find out why this happens, and, where necessary, impose elementary order, and, most importantly, set a firm course toward the speediest, fundamental resolution of the storage and processing problem.

I must say that all this prompts very serious thoughts. In recent years an attitude of dependence in the resolution of food problems has flourished vigorously in our country. The leaders of many regions have approached this matter lightly. If there is not enough feed, they send telegrams to the Central Committee and the government; not enough agricultural products -- they cable to the center.

I am, of course, far from wishing to paint everything the same color and oversimplifying the problem. Many troubles are associated with the general state of affairs in the country, but all the same, a spirit of dependence has seized many of our cadres in the resolution of these questions.

In general, Comrades, this is what the Politburo thinks: We have the real potential to substantially change the food supply situation in the next 2-3 years.

Life gives us striking examples testifying to the vast reserves which exist everywhere. Numerous instances demonstrate the possibility of a breakthrough both in labor productivity and in the rate of growth of agricultural production. This was demonstrated by the intensive labor collectives created relatively recently, to which land and other means of production are assigned for a long period. Last year they produced an average per person of 700-800 tonnes of grain, and products worth R70,000-100,000 or more in all.

Unfortunately, there are still too few of these collectives. The family contract is not being disseminated sufficiently widely, although the effectiveness of these forms of labor organization and remuneration is relatively high.

Of course, a rapid increase in the production of output also requires good quality machinery, chemicals, and varieties which are resistant to unfavorable conditions. But above all what is needed is people who are responsible for the task in hand and have a boundless interest in the results of their work.

For a long time we tried to lead the economy on the basis of enthusiasm, and sometimes by force of decree. But we forgot Lenin's precepts -- that production growth can be ensured on the basis of personal interest and material commitment, with the help of enthusiasm.

Characteristically, the first participants in the intensive labor collectives in Novosibirsk Oblast, the Kozhukov brothers from the Bolshevik Kolkhoz in Ordynskiy Rayon, say that what they like about this collective is not only the high wages, but also, to no less an extent, the autonomy, awareness of their own human significance, and pride in doing a very necessary job.

If a mass movement for highly organized, committed, intensive labor is added to the highly productive machinery and other resources that our country has at its disposal today, things will go better. Life shows that in every rayon and oblast there are people capable of ensuring this breakthrough.

Here are some examples. A.A. Volochenskiy, machine operator at the Artemovskiy Sovkhoz in Pskov Oblast's Pytalovskiy Rayon and a member of the CPSU, asked the sovkhoz director to allocate land to him and give him some steers for fattening. Under a contract, he was allocated 40 hectares of land, including 10 hectares of plowland and 20 hectares of hayfields. A.A. Volochenskiy repaired a combine and two tractors that had been written off and restored an abandoned calf-house, in which he housed 20 steers.

He is helped in his work by his son and daughter, who are students, and by his wife, a bookkeeper at the sovkhoz, in her time off. Over the year as a whole it is planned to obtain more than 11 tonnes of meat. The proceeds will be more than R31,000. Payment for the young animals provided by the sovkhoz, fertilizers, seed, fuel, and other resources, at intrafarm prices, will total R23,000, and the wages will be R8,000.

I think, Comrades, that this approach will help to lead the villages of the Nonchernozem forward. After all, there is so much abandoned land there!

When the debate on the means of collectivization was under way, even then it was said that large collective farms open up great opportunities for the use of machinery, fertilizers, and scientific achievements, but contain the danger of the peasant's becoming cut off from the land. On the other hand, farms [fermerskiye khozyaystva] on small plots tie the worker to the land, but do not offer opportunities for the maximum utilization of the achievements of science and technology.

In our country large kolkhozes and sovkhozes have been created and are in operation, and they have at their disposal a strong material and technical base and experienced specialists. In these conditions it is important to skillfully organize the collective and family contract on the basis of contractual commitments and to link the interests of individual workers more closely to the interests of the collective and concern for the land and other means of production.

How can this be contrary to the principles of socialism, how can this work method spoil the working person? It was, rather, the old practice whereby negligence in work was covered out of the budget that corrupted the tiller of the soil.

The new approach offers convincing examples of efficient work. Still in Pytalovskiy Rayon, the young first secretary Comrade N.N. Vorobyev recently became head of the party organization. With the help of scientists, the rayon's communists have elaborated measures to boost the farms' economy. After the war the rayon had 46,000 inhabitants, now only 17,000 remain. There is nobody to do the work. They thought over the situation and decided to introduce the collective contract widely. Since the beginning of this year eight livestock units on the rayon's kolkhozes and sovkhozes have been operating on the family contract system. In 5 months, using the same feed, livestock weight gains have doubled, reaching 800-1,000 grams a day. Nearly 40 percent of crop farming in the rayon has been transferred to forms of labor organization based on small groups. The spring sowing was carried out in 6 days, instead of the usual 15-18 days. The rayon organizations and farm leaders have abandoned decrees, reprimands, and tight monitoring of the progress of work. Such leadership methods are simply not necessary now.

Another example. Lidiya Dmitriyevna Bryzga, candidate member of the CPSU Central Committee, and her husband moved from the leading Zhdanov Kolkhoz to a laggard livestock unit on the Pamyat Ilicha Kolkhoz in Brest Oblast's Brestskiy Rayon, and for 2 years they have headed a contract unit [zveno] of six people. That unit has been assigned 100 dairy cows and 50 hectares of pasture. Lidiya Dmitriyevna alone does the milking, and her husband and daughter procure feed and tend the livestock. The milk yield per cow has increased from 2,917 kg to 5,580 kg in 2 years.

Such examples exist everywhere. A unit for fattening young cattle was set up in 1983 on the Panfilov Kolkhoz in Pavlodar Oblast's Uspenskiy Rayon. A contract was concluded between the unit and the kolkhoz board. The unit consists of three people: unit leader A.Ya. Rudko, a first grade tractor operator, and his daughter and son-in-law. Here are the indicators for 1986: 563 steers were fattened, the average daily weight gain was more than 1 kg, and output produced per member of the unit was R167,000. The prime cost per quintal of weight gain was R95.5, whereas on the kolkhoz it is R155, and the rayon average is R230. The average monthly wage for each member of the unit is R534. And good luck to them! Because this wage is paid in exchange for labor and comes out of real output.

Let me ask: So has this undermined the kolkhoz system? No! This is socialism, living, creative, labor socialism. Because the people are becoming involved widely in socialist building -- the worker's link with the kolkhoz and the sovkhoz becomes even stronger through collective forms of labor. And people earn their prosperity by honest labor!

In the mechanized potato cultivation unit on the Zagalskiy Sovkhoz in Minsk Oblast's Lyubanskiy Rayon, four people, headed by unit leader I.G. Sinitskiy, holder of three classes of the Order of Labor Glory, cultivate an area of 60 hectares. The unit has been working on a contract basis for 2 years. In 1986 the yield was 383 quintals per hectare. The unit achieved the lowest prime cost of potatoes, R1.5 per quintal (in the republic it was R9), and the lowest labor expenditure -- 0.54 man-hours per quintal (the average for the republic was 2 man-hours).

The family contract for vegetable growing is being developed in Ternopol Oblast too. This year, on three kolkhozes in Zaleshchitskiy Rayon -- the Bogdan Khmelnitskiy, Zolotoy Kolos, and Kommunist Kolkhozes -- 15,000 tonnes of tomatoes will be grown on farmstead plots, including 5,000 tonnes of early varieties instead of the 1.5 tonnes sold by these farms last year.

The same is being done in the rayon center. The kolkhozes have allocated to many families seedlings, plastic film, fertilizers, plant-protection agents, and irrigation pumps, and are providing packaging. With about 1,500-2,000 square meters of early tomatoes each, people harvest 7-8 kg of high quality produce per square meter.

In Kremenetskiy Rayon 600 families grow strawberries in their own garden plots on a contract basis, and this year there are contracts for the purchase of 800 tonnes of berries. In the oblast as a whole, it is reported, some 25,000 families have concluded contracts for the growing of vegetables and industrial crops and the fattening of animals this year.

There are many such examples, Comrades. They all indicate the possibility of rapid growth in agricultural production if we bring in all the reserves, all the working people, and all the families, and unleash people's initiative.

But what is happening now? The rural dweller has to hurry to the stores for every little thing and has become almost as much a purchaser of food as the city dweller. Some 54 percent of rural families have no cows, and 33 percent have no livestock at all.

From numerous instances we have become convinced of something even more important -- unfettered human initiative and departure from overorganization and overcentralization make it possible, for the same resources, to ensure a breakthrough in increasing food resources.

In general, tremendous potential has accumulated in agriculture. This must now be actively utilized by combining the potential of the large public-sector farm with the potential of the collective and family contract.

Another urgent and pressing task is the resolution of the housing problem. As I have already said, at central level opportunities have been found for increasing the pace of housing construction in the country. From additional capital investments, it is planned in the 12th 5-year Plan to increase the volume of housing construction by 60 million square meters compared with the 11th 5-Year Plan. Over the 5 years a total of more than 15 million families will receive apartments.

But that is not all. There is equal, if not greater, potential available to enterprises, kolkhozes, sovkhozes, cities, okrugs and rayons, oblasts, krays, and republics. Many local organs -- I wish to note this with satisfaction -- have set about tackling in a businesslike way the task set by the congress of ensuring that practically every family has a separate apartment or individual house by the year 2000. There are many who are seeking opportunities to resolve this task in an even shorter time. That is correct, and should be supported in every way.

But it must be said frankly, Comrades, that there has not yet been a radical breakthrough in housing construction, and this is due to a significant extent not only to the shortage of resources, but also to the attitude of many party, soviet, and economic organs and leadership cadres. General talk is not always followed by enterprising, persistent work and the quest for reserves to resolve this pressing task.

One often hears that there are not enough capacities for the fulfillment of growing volumes of housing construction. But nobody can be satisfied with this explanation: First, if there are not enough capacities, then they must be created; and second, at present 20 percent of the capacities of the country's house-building enterprises are not being used at all. These figures are the average for the country. But in Azerbaijan, Armenia, Kazakhstan, Turkmenia, and Uzbekistan enterprises of this kind are working to only 65-70 percent of their capacity, while in Krasnodar and Khabarovsk Krays and Ivanovo, Penza, Rostov, Smolensk, Tashkent, and Tselinograd Oblasts and in Buryatia and Kabardino-Balkaria, the figure is 50-65 percent.

Another thing: It is scarcely possible to understand or justify a situation where there is a shortage of housing and construction materials in the country, yet the majority of construction industry enterprises work on the basis of one and one-half shifts, with 2 days off a week. As a result up to 50 percent of calendar time is wasted. Could they not be transferred to continuous operation? After all, that is how the metallurgists, chemical workers, power workers, and food industry workers operate. The machine builders are going over to a multiple shift system.

But not only do we make poor use of the capacities of house building combines. The country's brick plants are also working to only 80 percent of their capacity. And this at a time when a shortage of bricks is felt everywhere. These capacities are poorly used in the RSFSR, the Ukraine, and Kazakhstan. In Altay and Krasnoyarsk Krays, for instance, these plans are only used to 57-69 percent of capacity.

If we are really worried about the housing problem, how can we tolerate a situation where many ministries and departments have assimilated only 70-80 percent of capital investments allocated for increasing the capacities for the production of large-panel housing?

I think that at the plenum today we have a right to demand that the union republic Communist Party Central Committees and Councils of Ministers, ministries, and departments -- especially the Ministries of the Construction Materials Industry (Comrade S.F. Voyenushkin) and Timber, Pulp and Paper, and Wood Processing Industry (Comrade M.I. Busygin) -- resolutely change their attitude toward housing construction.

Comrades, let us think things over and consult with the working people. Since we have set about resolving this vitally important problem, we must tackle it, as the saying goes, all together.

I would even say this: The working people will not understand us if, in developing the restructuring, we fail to find real opportunities to accelerate the resolution of the housing problem. Housing construction is a nationwide task. That is the standpoint from which it must be approached.

Now, Comrades, on to consumer goods and the service sphere and the situation in the consumer market. In view of the significance of this question, a targeted state program has been drawn up. But that in itself is no solution, as the saying goes. It is necessary to ensure its implementation in practice. Unfortunately it must be noted that the attitude toward this very important social task is far from uniform. Some people have really taken advantage of the preconditions which have been created, and are actively engaged in the quest, increasing the production of goods and services. One can cite the example of Belorussia, Lithuania, Estonia, Leningrad and Ulyanovst Oblasts, and other oblasts. Their experience is known throughout the country.

However, many are continuing to act according to old, simplified models, counting chiefly not on their own efforts but on assistance from the center and on deliveries from other regions. Of course, I do not want to say that each of our oblasts or republics must start up a nonmonetary economy [naturalnoye khozyaystvo]. But when people stop thinking of utilizing local resources and put their trust just in what is received from other places, this is nothing but parasitism once again. And this phenomenon has become quite widespread.

I do not think that it is necessary to go into all the details of the problem at the plenum, but when you familiarize yourself with the goods in everyday demand which certain republics, krays, and oblasts bring in from other regions, you are amazed at the extent to which some of our workers have lost the sense of responsibility for meeting the people's needs. They bring in over vast distances the most elementary things, including ones that could be produced on the spot without any difficulty. They bring in things for which no funded resources, new equipment, special production capacities, or trained cadres are needed. Comrades, we must have the public pass judgment on this flawed practice. The press, radio, and television must regularly show how these tasks are being resolved by economic and Soviet organs locally. [paragraph continues]

Let everyone know both those who are really solicitous toward people and those who are indifferent and lacking in initiative. Working people must know everything and keep this important work under control.

It must also be said at the Central Committee plenum that far from all ministries have addressed the needs of consumer goods production: Some 18 sectors failed to cope with last year's targets for production of cultural, consumer, and household products, particularly the ministries headed by Comrades E.K. Pervyshin, P.S. Pleshakov, V.M. Velichko, and A.A. Yezherskiy.

Certain ministries take a formal attitude to consumer goods production as something secondary, and in some places consumer goods are seen as just a burden. Comrades must understand that they are badly mistaken, and the sooner they put an end to this error, the better both for the cause and for them.

Up to now it has been said that we need more goods of better quality and wider range. But it is not just a question of this.

See how many facts attest that the population is badly supplied even with goods which are plentiful. If you add to this the fact that there is no proper order in many trade establishments and enterprises, the standard of service is low, there are many lines because there are not enough stores themselves, and opening hours for trade and services are not always convenient for the work and life of the population of cities and villages, then it becomes clear why there are such frequent complaints about their operation. These problems must be resolved by local organs in the very near future.

The country is making poor use of the potential for supplementing commodity resources through the production and procurement activities of consumer cooperatives. There are many complaints about this. This system is still being developed only slowly, and much of what could be procured from the population and delivered to the consumer through cooperative organizations simply goes to waste. We have now given assistance to the Tsentrosoyuz. Its efforts must also be supported along the lines of local soviet organs.

Comrades, we must not tolerate laggardness in municipal and everyday services and the unsatisfactory state of affairs in passenger transport, communications, tourism, physical culture, and sport. Can it be considered normal when repairs to housing and domestic equipment and the making of footwear and clothes become a very complex problem in the city and the countryside?

It is no coincidence that a kind of "shadow economy" has emerged in this sphere. Just ponder this figure: Central Statistical Administration organs report that, according to their estimates, the population pays out approximately R1.5 billion annually to private individuals for the performance of services.

We have repeatedly drawn attention to the need to meet in full the population's demand for timber and construction materials. Decisions have been adopted on this, but they are being fulfilled badly by both central and local organs.

I believe that today's plenum discussion of vitally important questions of Soviet society will be a lesson and an incentive for all workers -- both at the center and locally.

The resolution of problems of food, housing, and consumer goods must be constantly in the field of vision of economic organs. This applies in full both to health care and to what we call ecology. The situation has been attracting the close attention of the Politburo and the government over the past 2 years. It has to be said that many negative phenomena have accumulated in medical services and the protection of man's environment. We are taking measures to improve the situation. This is a matter of paramount significance, requiring general attention and tremendous practical work.

Democratization Is a Decisive Condition of Restructuring [subhead]

Comrades! A new moral and political atmosphere has been created in society since the party Central Committee April Plenum. An atmosphere of creativity, quest, realistic assessment of reality, and uncompromising struggle against everything that hinders life. Therefore, the first conclusion stemming from the past 2 years' experience is to not only preserve and support but also deepen and develop in every possible way the atmosphere of publicity and openness which has taken shape in the country and which enables everyone to display his civic stance, take an active part in discussing and resolving vitally important problems of society, and accelerate the processes moving in this direction.

Experience shows that success comes where party, soviet, and economic organs make full use of the working people's growing political and social activeness. I will state frankly: We will not cope with the tasks of restructuring if we do not pursue the line of democratization firmly and consistently. Let us recall V.I. Lenin's words: "...The more profound the transformation which we want to carry out, the more we must enhance the interest in it and a conscious attitude and convince more and more millions and tens of millions of the need for this." And this is how we must act in a Leninist manner now, at the stage of restructuring.

At the same time, I must speak of the following. Press materials, familiarization with the state of affairs locally, and information coming in attest that the development of openness and democratism is proceeding with difficulty and, in some places, even painfully. Certain comrades have shown a lack of understanding and fear of democratic changes. This question is so important that the plenum will, I think, discuss it and take a clear, firm stand.

As restructuring is being implemented and the process of the democratization of all aspects of the life of our society is being deepened, new realities are emerging which we cannot disregard and simply do not have the right to disregard. Our people no longer wish to tolerate the fact that questions affecting their interests are resolved by just anyone behind their backs. Sometimes this leads to acute situations. To what do they attest? To the fact that some local party, soviet, and economic organs and a section of our leading cadres at the center and locally have still not learned how to work under conditions of widening democracy. But this study must not be postponed until a future date; it is necessary to study persistently now. Party committees and organizations and organs of state power must constantly keep their finger on the pulse of public opinion and check with it the decisions being adopted and their actions. Our people favor democratization both politically and practically.

The assimilation of new approaches in political work and organizational and ideological activity is not an easy process. Some people find it hard to embrace openness, some people dislike criticism and press articles, some people are generally accustomed to considering that their opinion alone is "infallible." We are encountering all this now, and encountering it frequently. [paragraph continues]

Take a look at the root of these phenomena. Those who are afraid of coming under the public control of society are displeased with democratization. They well know that they can still excuse themselves to their bosses, but they must answer in full to the people. Democracy puts everything in its place -- it becomes clear who is who and who is capable of what.

I must also speak of some alarming aspects. In any big business it is impossible to insure yourself against expenses. They have existed, do exist, and will exist. Now we, too, have encountered situations where some people would not be averse to using the atmosphere of openness and publicity not at all in the interests of restructuring, not in the interests of developing socialism and of working people, but to achieve their own narrow mercenary aims.

It is necessary to struggle against such phenomena, but struggle publicly and openly. Living and working under conditions of widening democracy means not fearing debate or a clash of opinions and stands. All this is natural and necessary in the search for the truth, for the purpose of resolving the problems that arise and accelerating our advance.

But when we say that democracy presupposes a lively, broad, responsible debate and a comparison of different viewpoints, this means that it cannot be considered democratic when attempts are made, under the guise of struggling against one half-truth, to replace it with another. It is not democratic when, under the guise of struggling against the ambitions of one group and its claim to the truth "in the last instance," the ambitions of another group, its predilections and attachments, and a subjectivist viewpoint are imposed. We encounter this in the mass media, in art and literature, and in scientific circles. Nor has this phenomenon bypassed party and public organizations.

But, on the whole, I will say this: The process of openness, criticism, and self-criticism is taking place among us on a healthy basis. It is playing a tremendous role in uniting all the forces of society on the principles of restructuring and in implementing progressive transformations in the interests of the people and socialism.

Comrades! In examining ways to further democratize society I would like in this connection to touch on the question of control. The participants in the recent CPSU Central Committee conference said that control is undoubtedly needed, but not such as it is now. The instances of abuses and crimes exposed in the economic sphere in recent years attest that the established system of control is inefficient, too fractional, squanders work time, diverts the mass of people and means, and, most importantly, is confined to departmental and parochial interests and is largely dependent on the organizations and officials it is meant to control.

I believe that the CPSU Central Committee Secretariat and the government must investigate the swollen control apparatus and take decisive measures to reduce it, regularize its activity, subordinate it to the interests of the state and the whole people, and strengthen legality.

We must fully master the Leninist principle of socialist control, which combines the broadest democratism with party leadership. We see people's control both as an effective means of revealing urgent new questions and as one of the most important forms of involving the masses in the process of self-management of the affairs of society and the state.

Under modern conditions we should think of creating, on the basis of the People's Control Committee a unified, integral control system which would possess broad powers throughout the country's territory, rely on maximum openness in its work, and fulfill its important functions comprehensively, from the positions of the whole people, in a broad sociopolitical context.

Comrades! The restructuring in our society is arousing tremendous interest in the world. We sense understanding of our problems and sympathies not only among the working people of socialist countries but also among broad circles of the world public. The policy of restructuring has been taken seriously by very different political forces. This policy has substantially enhanced our country's weight, influence, and prestige and convincingly demonstrates the sincere and peace-loving nature of our intentions in the international arena.

Of course, there are quite a few influential groups in the West, particularly in the United States, which dislike precisely this. "Openness is a challenge to U.S. public diplomacy, and the spirit of the free world, its life today, and the prospect of tomorrow's security are under threat!" -- this is how certain representatives of the forces ruling in the United States reason. They realize that it is hard to find convincing arguments against our party's policy of restructuring. Therefore, they gamble chiefly on using the process of democratization and openness to present us with false aims and declining values and to sow doubts in our people as to the correctness and sincerity of the party's policy and the line of restructuring and improving matters in the country. There is nothing new for us here. This was only to be expected, and we foresaw it. Soviet people know the worth of this kind of "interest" in our affairs.

We are carrying out restructuring, developing democracy, and strengthening the values of socialism not in order to please anyone but so that our society scales new heights of socioeconomic and spiritual progress through restructuring, through democracy. We will not turn from the path of restructuring!

What conclusion then, Comrades, follows from an analysis of the present stage of restructuring?

We must, above all, proceed from the actual ideological-political and ideological situation which has taken shape since the Central Committee April plenum: a complex and contradictory situation but one which, on the whole, is undoubtedly favorable for the whole cause of renewing socialism, the cause of restructuring. Our society is characterized by the growing civic activeness of all sections of the population, by increasing initiative in posing new questions, and by the surmounting of accumulated inertia. It is characterized by the ever greater development of boldness and determination and by the people's desire to assume responsibility for social affairs and for the further development of democratic principles in the life of the country.

This is accompanied by strengthening conviction as to the unshakable nature of the lofty principles of socialism and the reality of realizing them not in some remote future but already today or tomorrow.

Of course, the new processes in the ideological and political sphere are not proceeding smoothly and are not producing identical results. Much that is negative has accumulated in the public consciousness as a reflection of the corresponding phenomena in life itself and, above all, of the discrepancy between word and deed. There is also a certain confusion, a lack of understanding and fear of changes, and attempts to resist what is new. It would be unwise not to see this. [paragraph continues]

But it is still more unwise and even mistaken to absolutize the difficulties and shortcomings of our ideological and political development, because then doubt would be cast on restructuring itself and on the new beneficial political and ideological phenomena resulting from it in the life of the socialist society.

We have no reason to fear the novelty of problems, new discoveries, or new approaches in the ideological and political process. We have sufficient reason, strength, and skill to work in a Leninist manner under conditions of restructuring, without going into raptures over its every success, but neither plunging into despair, still less panic, when some negative phenomena are detected. We must learn the complex, dialectically contradictory art of restructuring.

Comrades! I believe we must reach agreement at the plenum on the following. In a month or two the report and election campaign will begin in the party's local links. It will be perfectly valid to place at the center of attention at meetings of communists the question of the progress in restructuring, of how party organizations are operating, and how all Communists -- workers, peasants, the intelligentsia, our leading cadres -- are participating in this great cause of the whole people. The upcoming reports and elections in the party must evaluate what has been done and decide what must be done to deepen and accelerate restructuring.

It is very important that the most active champions of social transformation, principled people who understand the requirements of the time, real "work superintendents" or restructuring who are prepared to spare no effort for its success should join the leadership of party organizations at the present stage -- the stage of developing large-scale practical deeds.

Obviously, it will also be correct to hold plenums of union republic communist party Central Committees and of party kraykoms, obkoms, okrug committees, gorkoms, and raykoms at the end of the year and discuss at them the reports to the bureau of the corresponding committees on their work on directing restructuring. Reports to the bureau by party committees, which, according to the statutes, are not being reelected this year, are also to be heard on this same question in primary party organizations.

The Politburo regards the present reports and elections in the CPSU as a very important stage in further galvanizing the party's entire activity on the way to the All-Union Party Conference. It is proposed to adopt the decision on the date of the conference at this plenum. As is known, all-party conferences used to be convened in our party between congresses. There was a period until 1941 when this practice was of a regular nature. Many conferences at crucial stages in history resolved problems which went far beyond being tactical problems. In a number of instances tasks of a strategic nature were advanced at them, and changes were made to statutory norms and to the composition of the party's central organs.

The January plenum supported the proposal to convene an all-party conference next year, on the eve of the report and election campaign in party organizations.

The Politburo submits a proposal to convene the 19th All-Union Conference of the CPSU 28 June 1988.

Proceeding from the principled proposals made at the January plenum and during the preparations for this plenum, it would be possible to propose for examination at the conference the following questions:

1. On progress in realizing the 27th CPSU Congress decisions, on the main results of the first half of the 12th 5-year Plan, and the tasks of party organizations in deepening the process of restructuring.

2. On measures for the further democratization of the life of the party and society.

As you see, the proposed agenda will make it possible to sum up the political experience accumulated in the party since the 27th congress, assess our progress in the main directions of economic and social development, and analyze the progress in implementing the radical reform in economic management and the participation of party and other public organizations and of state and economic organs in restructuring.

An analysis of the progress in realizing the congress decisions, the summing up of the political results of work on fulfilling the 5-year plan, and a principled assessment of successes and shortcomings will make it possible later at report and election party meetings and conferences to exactingly examine the activity and tasks of each party organization. This will promote the process of the democratization of internal party life and help to enhance the activeness and responsibility of Communists and to deepen all restructuring.

II. Radical Reform of Economic Management Is the Most Important Element of Restructuring

The Necessity for and Essence of Reform [subhead]

Comrades! Today when the radical restructuring of the management of the economy is being discussed it is necessary again and again to really visualize in what kind of condition our national economy approached the dividing line between the seventies and the eighties. By that time the rate of economic growth had declined to a level which in fact signified the onset of economic stagnation. We began patently to yield one position after another, while in the enhancement of production efficiency and product quality, and also in scientific and technical development, the gulf in comparison with the most developed countries began to widen, and not in our favor.

The economy's development assumed an unhealthy nature. Serious changes were needed in structural policy and in areas of capital investment to impart a greater dynamic to the development of sectors which constitute the foundation of scientific and technical progress, resource saving, and savings of live labor. This was not done, however. Moreover, machine building found itself in a neglected condition, its production apparatus had become obsolete, and the products being produced were less and less up to world standards.

The desire to hold back, by extensive methods, the falloff in growth rates led to inordinate expenditure on building up the fuel and energy sectors, to the accelerated involvement of new natural resources in production and their irrational use, to an excessive growth in requirements for additional manpower, to an acute shortage of manpower in the national economy, and to a fall in return on investment.

Against the background of economic difficulties and the fall in the rate of increase in national income, the strained financial situation in the national economy became intensified.

Take the state budget. Everything looked favorable on the surface. Expenditures were covered by revenues, but how was this achieved? Not through a growth in the efficiency of the national economy, but by other ways which had no economic or social justification. In particular we embarked on the extensive sale of oil and other fuel, energy, and raw material resources on the world market.

The practice of the unfounded confiscation of enterprises' and organizations' own funds into the budget used to occur, and this undermined the conditions for their normal economic activity.

And, of course, it was already totally impossible to justify the buildup in the production and sale of wines and liquor. Turnover tax receipts from the sale of alcoholic beverages in the 11th 5-Year Plan had reached R169 billion whereas in the 8th 5-Year Plan they had amounted to R67 billion.

In a work, the country was approaching the 12th 5-Year Plan with a heavy financial burden. One should add to this that, given the nonfulfillment of the plan targets of the last three 5-year plans in terms of production growth and production efficiency, the expenditure on wages systematically exceeded planned levels. This means that a certain part of the money was paid out without being linked in any way to the end results of work.

Under these conditions a reduction in the deficit not only did not occur in the national economy but, on the contrary, the situation in this respect became more complex. In point of fact there was a shortage and there is a shortage of everything -- metal, fuel, cement, machinery, and consumer goods. If one adds to this the chronic manpower shortage, it becomes clear that under such conditions the economy cannot develop normally. The economic stimuli for the enhancement of quality and efficiency cease to function, and conditions are created for the growth of prices and of a number of other negative processes.

But the most alarming thing, perhaps, is that we began to lag behind in scientific and technical development. At a time when countries in the West had begun on a broad scale the structural restructuring of the economy with emphasis on resource saving, the use of the latest technologies, and other achievements of science and technology, our scientific and technical progress was retarded. This was not because of the absence of scientific groundwork but chiefly for the reason that the national economy was not receptive to innovations. Even hard currency funds deriving from the export of oil and other raw material resources were used by us basically for solving current tasks and not for the purpose of modernizing the economy. As has already been said at the January plenum, such a situation in the economy had an extremely negative impact on the living standard of the population and on the development of the social sphere. Such, Comrades, are the realities.

The Politburo deems it essential once again to mention all this with the utmost frankness. And not least because time and again voices are to be heard saying: Is everything so bad, must we be so harsh in our evaluations, is a radical restructuring really necessary? Maybe we can simply apply a little pressure from above and carry out a few more partial measures of some kind? I think that if such sentiments were to prevail and that present policy were to be drawn up on their basis, this would entail extraordinarily grave consequences for the country and for the people.

Pulling our economy out of the precrisis situation in which it has found itself dictates the need for profound, and genuinely revolutionary transformations. For these purposes we have drawn up a new economic strategy and have embarked on its implementation. Changes have been made to structural and investment policy, major targeted programs have been created, and the basic directions of scientific and technical progress have been defined. In the last 2 years the first steps have been taken in the assimiliation of new methods of economic activity worked out on the basis of an analysis of the situation at the end of the seventies and beginning of the eighties and on the basis of a series of economic experiments.

But I would say that the improvements achieved here are neither radical nor cardinal. The braking mechanism has still not been smashed nor replaced by the mechanism of acceleration. As before, compensation for its absence has to be made by extra-economic methods and by administrative pressure.

The creation of an integral, efficient, flexible system of managing the economy now faces us as a top-priority, urgent task.

It is, as you can understand, not a simple task. The existing system of management took shape over many years and it contains numerous strata which reflect the conditions and distinctive features of various periods in the history of our country with all their achievements, contradictions, and difficulties.

The foundation of the present system of management were laid down back in the thirties. In that difficult period, our country, by no means the economically most developed and standing alone against the capitalist world, was faced with the need to rapidly overcome the technical and economic lag and to bring about abrupt structural improvements in the national economy.

They were brought about in an unprecedentedly brief period. During the years of the prewar 5-year plans the volume of industrial output increased 6.5 times and in terms of industrial output the Soviet Union rose from fourth to first place in Europe and from fifth to second place in the world. The proportion of the sectors which produced the means of production increased from 39.5 to 61 percent. The number of workers and employees in industry tripled during the 12 prewar years.

To solve these tasks it was necessary to increase sharply the proportion of accumulation in the national economy. At the beginning of the Second 5-Year Plan it exceeded 30 percent or twice the level at the end of the twenties and several times the level of prerevolutionary Russia. Through the state budget about 60 percent of the national income was redistributed. These tremendous resources were channeled on a centralized basis into the development primarily of heavy industry.

Precisely for such purposes, a system of management was created based on rigid centralism, the detailed regimentation of work, targets for specific economic organs in the form of directives, and budget appropriations. In such special conditions it ensured the solution in the briefest possible time of the kind of strategic tasks on which the developed capitalist countries had spent decades. The centralized nature of management intensified even more in the war years. It was also generally preserved in the conditions of postwar restoration.

Of course this nature of management cannot in all instances be attributed to objective reasons. Erroneous approaches were also permitted and decisions of a subjective order were made. This must be seen and taken into account when examining contemporary problems. [paragraph continues]

But the system of management which has taken shape has, with the passing years, come into increasingly acute conflict with the conditions and needs of economic development.

The turbulent current of the scientific and technical revolution, the sharply increased complexity of the national economy, and the need to shift the center of gravity from extensive methods to intensive ones, and from quantity to quality, the intensification of the influence of social conditions, and the sharp growth of the role of the human factor have demanded radical transformations of economic management.

The restructuring of economic management was entering the agenda with increasing insistence. This question was discussed in scientific and public circles. I may refer to an article by Academician V.S. Nemchinov in the journal KOMMUNIST in 1964. Back at that time he wrote: "A primitive understanding of the interrelationship between macro and microeconomic systems can create only the kind of ossified mechnical system in which all the parameters of management are set in advance and at each given moment and at each given point the whole system is subjected to quotas from top to bottom... Such an economic system subjected to quotas from top to bottom will retard social and technical progress and will sooner or later be broken by the pressure from the real process of economic life."

During the past decades practical attempts to change the system of management that has taken shape were made repeatedly. This was done in the fifties, in the second half of the sixties, and also at the end of the seventies. However, these attempts were incomplete and inconsistent and at best they yielded a short-term benefit, but did not lead up to the necessary turning point. Meanwhile the stimulating effect of the old economic mechanism was becoming weaker and weaker and the braking action was intensifying.

Now, at the stage of a turning point, when we have approached cardinal solutions, scientific substantiation and theoretical and ideological-political clarity in understanding the essence and basic meaning of the incipient changes and of the thrust of the restructuring of management are of special importance. How should one proceed further and in what direction? What can we and what must we renounce, what must be consolidated and improved, and what must be introduced anew?

In this connection it is important to stress that each stage of our history has been filled with strenuous work by the people and has brought major achievements. The accumulated experience of economic building is of enormous value. This experience with all its achievements, twists, and also errors is a school whose lessons for us are important both for the present and for the future.

On the fundamental plane, the meaning and thrust of the radical reform of management are clear to us. They are expressed by the formula: more socialism, more democracy.

This also contains the answer to the question: Does not our restructuring represent a departure from the foundations of socialism or at any event some kind of weakening of socialism? No it does not signify that. On the contrary, what we are already doing, outlining, and proposing, must consolidate socialism and eliminate everything that stands in the way of the development of socialism and which is retarding its progress, it must reveal its tremendous potential in the interests of the people, bring into play all the advantages of our social system, and impart to it the most up-to-date forms.

But what does the consolidation of socialism in fact mean? The whole essence of our revolutionary teaching, our entire tremendous experience show that socialism cannot be presented in the form of some kind of frozen, invariable society, and practical work on its improvement cannot be presented as a method of hurrying on and building upon a complex reality in accordance with ideas, concepts, and formulas which have been laid down once and for all.

Notions about socialism and its economy are constantly being developed and enriched, taking into account historical experience and objective conditions. We must learn from V.I. Lenin a creative approach to the development of the theory and practice of socialist building, adopt a scientific methodology, and master the art of making a concrete analysis of a concrete situation.

The chief question in the theory and practice of socialism is how, on a socialist basis, to create more powerful stimuli, than under capitalism, for economic, scientific, technical, and social progress, how to most efficiently combine planned leadership with the interests of the individual and of the collective. This is a most complex queston the answer to which has been sought and is being sought by socialist thought and by social practice. At the present stage of socialism the significance of this question is increasing immeasurably.

Many problems will have to be solved here. But we believe the key to the creation of effective stimuli for the enhancement of production efficiency lies in ensuring for the working person the status of genuine master not only at his work place and in the collective, but in society as a whole. It is theoretically and practically indisputable that the interest of the working people as masters of production is the strongest interest, the most powerful driving force for the acceleration of socioeconomic, scientific, and technical progress.

But what does turning working people into real and active masters of public property actually mean? It means giving collectives and individual workers extensive opportunities to handle public property and to enhance their responsibility for its effective utilization. It means ensuring, in practice, participation by the broadest working people's masses in running the economy at all levels -- from the team to the national economy. It means working people's incomes must be made dependent on how people work at their workplace and within the framework of their own enterprises, and ultimately on how things proceed throughout the country and in general on end results.

The democratization of the economy is indissolubly linked with the active utilization of various forces of cooperation and individual labor activity alongside state ownership. We have made decisions on this score. But it must be said that their practical implementation has not produced a uniform reaction. Talk is often not about how to make quicker and better use of the potential that has been revealed, but about how correct these forms of economic activity are at the present stage of socialism.

Some people see cooperation and individual labor activity as virtually the restoration of private economic practice. I think, comrades, our own experience and that of the other socialist countries attest to the usefulness of and need for skillful exploitation of these economic forms within the socialist framework. They help to more fully satisfy people's urgent needs and remove the "black" economy and all possible forms of abuse -- that is, they help the real process of improving socioeconomic relations.

There also needs to be a serious rethink bout the problems involved with the relationship between centralized planned leadership of the national economy and the idependence of its individual components, planning, and commodity-money relations. We proceed on the basis of their dialectical unity and complementarity in an integral system of economic management.

In the new economic mechanism this task is resolved, in particular, with the help of economic normatives. The transition to normative methods makes it possible to implement as fully as possible the objective prerequisites inherent in socialism of the unity of the interests of society, collectives, and individual workers.

In accordance with the scientific concept of socialism, commodity-money relations form an organic part of its economic system. Their skillful utilization regarding prices and financial and credit levels, their planned assimilation, the running of the market in accordance with their laws, and the strengthening and boosting of the prestige of the ruble promote the creation of an effective, cost-conscious mechanism and the strengthening of socialism in practice.

Of course, the utilization of commodity-money relations in the management system in conjunction with the advantages of national economic planning is a harder task than issuing commands and directives. But our economic cadres must solve it.

The problem of economic competition and competitive inititives occupies a central place from the viewpoint of the activation of socialism's motive forces.

We proceed on the basis of the need to step up real competition among enterprises and organizations -- including state and cooperative organizations -- to ensure the needs of the population and the national economy are better satisfied. The winners of this competition must receive a tangible economic advantage. This corresponds with socialist principles and is comprehensible in human terms.

Perhaps we should especially mention the need for the extensive introduction of competitive initiatives in the scientific and technical sphere. The fact is that in the past the opinion was often aired that the existence of parallel scientific research, planning, and design organizations led to a dissipation of forces, duplication, and irrational expenditure. But experience has convinced us that the monopoly position of certain organizations seriously hampers scientific and technical progess and costs society much more.

I do not at all mean we must create parallel structures along all avenues. But, to solve important scientific and technical problems, it would be correct and worthwhile to create various scientific collectives, including collectives not only on a permanent but also on a temporary basis. This has been welcomed with interest by engineers, technical and scientific workers, and it is already producing certain results.

To put it briefly, we must -- proceeding from the requirements of Soviet society's development at the contemporary stage -- renew our views of the economic forms of socialism to provide scope for a fundamental restructuring of the economic mechanism.

Comrades! The draft "Basic Propositions for Fundamental Restructuring of the Economy's Management," prepared by the Politburo and the government, has been distributed among you.

The concept of the restructuring of management proposed in this document pursues the goal of reorienting economic growth away from intermediate results and toward end and socially significant results, toward the satisfaction of social requirements, the all-around development of man, the transformation of scientific and technical progress into the main factor of economic growth, and the creation of a reliably operating cost-cutting mechanism.

To achieve all this, it is necessary to effect a transition from primarily administrative to primarily economic methods of leadership at all levels, to broaden democratization of management, and to utmost activation of the human factor. This transition involves:

First, a sharp expansion of the boundaries of the independence of associations and enterprises, their transfer to complete economic accountability and self-financing, enhancement of responsibility for the highest possible end results, performance of commitments to consumers, establishment of direct dependence of the level of a collective's income on the efficiency of its work, and broad development of collective contracts in labor relations;

Second, a fundamental restructuring of the economy's centralized leadership, enhancement of its qualitative standards, concentration on the main processes which determine the strategy, quality, pace, and proportion of the entire national economy's development and its balanced nature, and simultaneously a firm detachment of the center from interference in operational activities by lower-ranking economic links;

Third, a radical reform of planning, price formation, and the finance and credit machinery, transition to wholesale trade in means of production, and restructuring of the management of scientific and technical progress, foreign economic ties, labor, and social processes;

Fourth, the creation of new organizational structures ensuring the deepening of specialization and the enhancement of the reliability of production-sharing ties, together with the direct involvement of science in production and, on this basis, a breakthrough toward world standards of quality;

Fifth, the transition from an excessively centralized command system of management to a democratic system, development of self-management, creation of a machinery for activating the potential of the human personality, and the precise demarcation of functions and radical change in the style and methods of activity of party, soviet, and economic origins.

Starting Point for the Restructuring of Management [subhead]

Comrades! We are beginning the radical transformations of the economic mechanism with the basic link of the economy -- the enterprises and associations -- primarily intending to create the most favorable economic environment for this link, consolidate its rights, and simultaneously enhance its responsibility, and on this basis to introduce fundamental changes in the activity of all higher-ranking links of economic management.

In thus defining the consistency of restructuring we were guided by the premise that this is where the main economic processes take place, this is where people's labor creates all the output and services needed by the people, this is where scientific and technical thinking takes a material form. [paragraph report]

It is within the labor collective that economic and social relations are really developed, it is there that people's interests -- personal, collective, and social -- are intertwined. In essence, the sociopolitical climate in our society is largely determined by the situation prevailing within the labor collectives.

What is the basic shortcoming of the currently operating mechanism for an enterprise's economic management? Primarily the weakness or internal incentives for self-development. In actual fact, the enterprise is set targets and allocated resources through the system of directive indicators. Virtually all expenditure is reimbursed. The marketing of output is essentially guaranteed. And the main point is that workers' incomes are inadequately linked with the end results of the collective's work -- performance of contracts, output quality, and profit. Generally speaking, the situation is as follows: Under the effect of the present mechanism, producers find it disadvantageous to use cheap raw materials and inexpensive products, they find it disadvantageous to improve output quality, they find it disadvantageous to introduce the achievements of scientific and technical progress.

Such an economic mechanism virtually eliminates the dividing line between enterprises that work well and those that are systematic laggards. Petr Vasilyevich Buderkin, general director of the "Omskshina" Association, rightly raised all these questions at the recent conference at the CPSU Central Committee. Indeed, the Omsk association is one of the best in its sector. The automobile tires it produces are of excellent quality and their useful life is 1.5 times longer than that of others. There has not been a single instance of the breaking of contractual deliveries in the last 20 years. And what does this mean for the collective? Essentially, it enjoys no advantages, either in wage increases or in satisfaction of social requirements.

Who is to explain the following paradox: The price for the Omsk association's tires, whose quality is the best in the country, is exactly the same as the price paid for those made by other plants?

Let us also take an example from the agro-industrial complex. The prices received by poultry factories in the North Caucasus for exactly the same output are almost 25 percent lower than those in other zones of the country. Yet the modern production of poultry breeding output on the basis of industrial technology, especially in broiler production, takes place in premises built according to identical blueprints, using equipment produced by just one single enterprise in the country, and with feed obtained through one and the same system -- that of the Ministry of Grain Products.

In all this we perceive the "mark" of our economic mechanism which, whether we like it or not, is geared to mediocre and even substandard work. How can the economy advance if it creates hothouse conditions for laggard enterprises and punishes the front-rankers?

Of course, Comrades, we cannot carry on in this way. The new economic mechanism must put everything in its proper place. It is called upon to become a powerful lever, a stimulating force for good work driven by enterprise and initiative. This is precisely the goal we are setting. Of course, some time must pass before we attain it. Now it is very important to correctly approach the selection of basic demands to be made of the new economic mechanism.

The main result we must obtain from the introduction of the new mechanism is to grant extensive rights to enterprises and ensure their genuine economic independence on the basis of complete economic accountability.

In actual fact, we have to implement that which has already been recognized as necessary -- namely that the enterprise compiles its plan for the production and marketing of output proceding from real social requirements. The basis of this plan must be provided not by a multiplicity of detailed plan targets set by directives from higher-ranking organs, but by direct orders from state organizations, economically accountable enterprises, and trade organizations for specific output in the appropriate quantity and quality.

Enterprises must be placed under conditions for engaging in economic competition [sorevnovaniye] to give the best possible satisfaction of consumer demand. In this process, the state's interests are guaranteed by the system of state orders. But they must be subject to economic conditions involving priorities and preferential terms, must make provision for the reciprocal responsiblity of the sides, and must, as a rule, be placed on a competition basis [konkursnaya osnova].

The issue the nature and purpose of control figures arises in connection with the changing approaches toward planning. They are intended to orient enterprises in the economic situation. For this purpose, control figures must reflect the social need for an enterprise's given output, the minimum efficiency level, and the tasks of social nature -- in other words they should somehow "lead" the enterprise to the necessary level of development. Control figures ought not to be like directives and fetter the labor collective when it elaborates its own plan, but must give it broad scope to select solutions and partners when concluding economic contracts. The fulfillment of orders and contracts must become the paramount criterion for assessing an enterprise's activity and for the collective's material incentives.

The transition of enterprises and associations to self-capitalization and self-financing is a requirement of fundamental importance. This means that the funds they earn must cover all current expenditures including labor remuneration, and be used for investment into the expansion and reconstruction of production and the social development of labor collectives. Budget financing will be retained only for the solution of the largest and most important state tasks. At the same time, enterprises are given broad opportunities to make responsible use of bank credits. Thus the labor collective must bear full economic responsibility for the results of its activity.

A most important role in the new mechanism will be assigned to stable long-term normatives. These are payments into the state budget in respect of production assets, land, water, other natural and labor resources, and interest payments on credit obtained. These are normatives for the formation of wages funds and funds for the satisfaction of social and cultural needs. Prices for output produced and rates of payment for services rendered are also types of economic normatives. Normatives provide the economic methods to ensure the combination of the collective's interests and the interests of the whole people.

The new economic mechanism envisages a radical change of the system for material and technical supplies to enterprises -- a transition from centralized material and technical supplies to wholesale trade in the means of production. Enterprises must be given an opportunity to use the money they have earned to acquire everything they need for the manufacture of output, for building and reconstruction, and for the solution of social questions.

A powerful incentive for the display of initiative and self-motivation by working people will be provided by the labor collectives' transition to self-management, whereby they will independently resolve all questions concerning the internal organization of production, right up to the election of leaders.

These, in outline, are the main features of the new mechanism for the economic management of enterprises and associations.

Of course, a number of unusual questions may arise in the course of transition to this machinery. Some of them were already raised during the nationwide discussion of the Law on State Enterprise.

One such question was: What is to be done with enterprises which, due to poor economic management, find themselves unable to ensure the payments to the state and normal levels of income for the labor collective? Various forms of assistance could probably be used here, be it from the sector or from the bank. However, if matters fail to improve even after all measures have been taken, the -- proceeding from the priority of society's interests -- it would be possible to raise the question of reorganizing or terminating the enterprise's activity. Of course, this is the ultimate measure. It goes without saying that the state must show concern for ensuring jobs for working people.

Another question is also raised: Will the expansion of enterprises' independence and the rejection of the extended system of directive indicators not result in the weakening of the planning principle and the deterioration of the national economic's balanced nature?

We believe that such fears are groundless. It would be illusory to imagine that everything within the framework of a vast economy like ours could be envisaged at the center. The activity of the Gosplan and other economic departments on balancing the national economy will be supported by the economic interests and economic responsibility of enterprises and the enhancement of the role played by economic contracts between them. Under these conditions, the achievement of balance will become much more realistic.

The basic features of the new economic mechanism are reflected in the draft Law on State Enterprise (Association). The general opinion of production workers, scientists, representatives of central departments, party and Soviet officials, and our public is as follows: On the whole, this is a sound document corresponding to today's requirements and new tasks. It is a sound basis for transition to the new mechanism.

The following demand was persistently expressed during the nationwide discussion of the draft: Do not retreat under pressure from the habits and ideas of inertia, march firmly forward. Do not let the new law, as it often happened in the past, be encircled by a palisade of numerous instructions which could emasculate its essence and apply the brakes to restructuring.

In principle, the transition to new methods of economic management is already under way in our country. What I mean is that, starting this year, enterprises and associations in a number of sectors have switched to work under conditions of complete economic accountability and self-financing. Of course, a period of 5-6 months is rather brief to fully display both the strong aspects and the shortcomings of the new economic mechanism. Especially in view of the fact that this transition is being implemented under certain specific conditions.

The activity of these enterprises is greatly affected by attendant factors, and primarily what could be described as their "insular position." This applies to enterprises' ties with suppliers and consumers operating according to the old principles, and to the leadership on the part of ministries and central economic organs also still operating on the basis of old provisions. Enterprises' transitions to the principles of complete economic accountability and self-financing began under conditions when the 5-year plan was already in effect and many normatives have to be adapted to it. Even so, Comrades, this must not halt our work on the implementation of the new principles of economic management.

Transformation of the Functions of the Centralized Management of the Economy [subhead]

Comrades! In conditions of complete economic accountability and self-management in the basic elements of the national economy, centralized leadership of the economy must also be qualitatively new.

It is essentially a question of formulating a new concept of centralism based on working people's activeness and enterprises' independence, that is, of genuinely democratic centralism in the Leninist understanding of the term, which is immeasurably more powerful than centralism bogged down in attempts to regulate absolutely everything.

First a few words about national economic planning. What is the "philosophy" of the statewide plan in the new conditions? It must determine the basic priorities and goals of the country's socioeconomic development, directions in structural and investment policy and scientific and technical progress, and tasks in accumulating scientific, educational, and cultural potential and maintaining defense capability.

In the new conditions it is intended to increase the role of the "target" ["zadayushchiy"] part of planning, especially the concept of the country's long-term socioeconomic development over a 15-year period. This part must incorporate all major programs, balance them, and determine ways of achieving strategic goals. The 5-year plan along with its targets broken down for the years of the 5-year plan period is to really become the main force of statewide planning.

To ensure planned proportions and balance in the economy, it is proposed to give ministries and departments, and also union republics, basic data for planning. As for enterprises, the main lever for influencing them will be economic normatives and incentives. These are called upon to place the activity of associations and enterprises in conditions ensuring that it is to their advantage, using the control figures as a reference point, to seek ways of most efficiently satisfying social needs.

An issue that perturbs many people must be mentioned here. Fears are being expressed that a temporary decline in production growth rates in individual sectors, regions, and even the country as a whole may take place, given the abandonment of direct directive prescription of volume indicators for associations and enterprises in conditions of complete economic accountability.

What can be said about this issue, Comrades? If it is a question of higher growth figures achieved by cranking up gross volumes, via double counting, and without a real increase in end results, then society not only gains nothing from this, it actually sustains losses.

But we all expect that the switch to economic accountability and the new methods of economic management and the widespread introduction of the collective contract and other progressive forms of labor organization and incentives will make it possible to increase the people's labor activeness, to bring hitherto untapped resources into play, to increase efficiency, and thereby to secure a higher rate of real growth along with high output quantity.

Precisely such a restructuring is natural and, moreover, absolutely essential to ensure a new quality of economic growth. While it will hit the indicators of enterprises that work inefficiently, in general such a restructuring will certainly play a positive role for the country's national economy and its development prospects, assessed in terms of end results and the extent to which social needs are satisfied.

A most important part of the restructuring of the management of the economy is the radical reform of price formation. A complete switch to the new mechanism is impossible without this.

Prices must play an important incentive role in improving the utilization of resources, reducing expenditure, improving output quality, accelerating scientific and technical progress, and rationalizing the entire system of distribution and consumption. New politicoeconomic approaches consonant with the present stage of development must be displayed here.

The price system that has long existed has been geared to cheap natural resources. The current prices of coal, oil, gas, and power do not ensure the conditions for self-financing by the fuel and energy complex. They continue to create an illusion that natural resources are cheap and inexhaustible and to orient enterprises toward further building up production, consumption, and shipment of them.

Economically unjustified approaches toward price formation have led to the emergence and rapid growth of subsidies for the production and sale of all kinds of products and services. The total amount of subsidies from the state budget today exceeds R73 billion per year. On the other hand, an unjustifiably high level of profitability that totally fails to reflect production efficiency has emerged for many types of output. This too is the result of distortions in price formation.

Anyone who produces output whose prices are unjustifiably low has no incentives to build up production, and anyone who makes surplus profit as a result of overly high prices has no incentives to reduce expenditure and improve efficiency. In this situation normal economic relations in the national economy are simply impossible.

This is why we are faced with the need not to carry out some kind of partial improvement of the prices system but to implement a radical reform of price formation and an interlinked restructuring of our entire "price economy" -- wholesale, purchase, and retail prices and tariffs.

It is a question not only of the level of prices, but also of the procedure for establishing them. Of course, prices of the most important products need to be determined centrally, when the statewide plan is formulated and as part of that plan. But at the same time in the new mechanism it is expedient to expand the use of contractual prices, which will help to expand enterprises' rights and economic independence.

The reform of wholesale prices is to improve the situation in the national economy and to create better conditions for the struggle for production efficiency, the saving of resources, and output quality. As for retail prices, the changes in them must not only not result in a deterioration in working people's living standards but, on the contrary, must lead to an increase in those standards for certain categories of working people and to fuller implementation of social justice.

One thing must be clear -- that in view of the importance and complexity of the reform of price formation its preparation must be approached with great responsibility. A huge volume of work must be performed in a short time, and the requisite resources must be enlisted for this. We must bear in mind that unless this question is resolved it is impossible to draw up the 5-year plan in the new way and to switch to an integral system of economic management.

In view of the political and social significance of the reform of price formation it must be the subject of the widest discussion in the country.

The restructuring of the national economy's system of material and technical supply is closely linked with the reform of price formation. The main direction in this is a resolute switch to wholesale trade in means of production both via direct links between suppliers and consumers and via economically accountable wholesale bases. In this case state organs would ultimately be left with the functions of regulating and monitoring wholesale trade.

The question of switching to wholesale trade in means of production is not new, but it is only recently that it has been possible to take the first real steps in this. We must accelerate and expand the scale of this work to complete it in the next few years.

Many weighty reasons urgently dictate the need for wholesale trade in means of production, above all the switching of enterprises and associations to economic accountability. I would also like to mention another reason -- the need to normalize stocks of commodity and material assets. In the main sectors of the production sphere these stocks exceed R300 billion. Considerable amounts of national wealth are immobilized in them.

This situation is largely explained by the cumbersomeness, inefficiency, and unreliability of material and technical supply, which breeds in enterprises a desire to hoard resources just in case.

See what happens with metal: Complaints of its shortage continue unabated. At the same time, however, stocks are growing. In the last 6 years consumers' stocks of rolled ferrous metals have increased by 2 million tonnes and as of the beginning of this year totaled 9.3 million tonnes. So just think: Are we short of metal, or are we unable to use it thriftily? True, it is not easy to mobilize these stocks of rolled metal: After all, they are at enterprises. It may surprise you, but I must say that Gossnab organizations account for only 1.5 percent of the stocks of goods and materials, the rest is scattered around the economy.

The following question arose at the CPSU Central Committee conference: Is it possible to introduce wholesale trade when there is a shortage of resources? This argument is always put forward when the problem of the timetable for switching to wholesale trade is being discussed. [paragraph continues]

The participants in the conference cogently said that the system of funding and supply itself creates shortages. This is borne out by specific instances. The switching of enterprises to the principles of complete economic accountability will be of decisive importance here. Therefore the more rapidly we switch to direct links, to wholesale trade, the more rapidly we will be rid of shortages and of excessive stocks of material assets.

These are not merely deskbound arguments. Here is a specific instance. Now, even at the very beginning of the switch of kolkhozes and sovkhozes to the new principles of economic accountability, their orders for agricultural equipment and other resources are declining markedly. For instance, orders for combines for next year are down by approximately 30 percent. Orders for certain types of tractors and other agricultural equipment, especially obsolete and unproductive equipment, are also declining. That is the real situation. The result is that today's shortage may turn into tomorrow's overproduction.

Major tasks must be resolved in the sphere of finance, credit, and money circulation. Again, without this it is impossible to create the new economic mechanism. The main shortcoming in this sphere now is that the turnover of financial and credit resources and money is isolated from the movement of material assets and the national economy is oversaturated with money [platezhnyye sredstva]. Nowadays the ruble does not fully perform its role as an active means of financial control over the economy.

The country's financial system is clearly obsolete. It does not stimulate the improvement of economic management efficiency and often pursues short-term, fiscal goals. Credit has also lost its role to a considerable extent. The line dividing it from free financing has been eroded.

Everything indicates that we cannot manage without a radical financial and credit reform. This must be aimed at placing the budget's relations with enterprises on a normative basis, closing all opportunities to obtain income before the ultimate sale of goods, and comprehensively improving the financial health of the national economy.

Comrades! In the modern world no state can regard itself as economically isolated from others. Our country is no exception in this regard. The Soviet economy is part of the world economy. International trade and currency and financial relations between countries and the latest scientific and technical transformations inevitably also affect in one form or another the state of affairs in our own economy.

The measures that are being taken to improve the management of foreign economic relations are aimed, in particular, at deepening the USSR's participation in the international division of labor, which is becoming an increasingly important factors in the development of the Soviet national economy.

On the other hand, not only we and our allies but also all who are interested in cooperation with our country in new conditions that are more favorable for this would gain from successful realization of the plans for restructuring in our country and from the modernization of our economy. In other words, the restructuring of the Soviet economy, taking into account the Soviet Union's considerable share of the world economy, will help to develop broad international cooperation and thus to improve international economic relations.

Important and far-reaching decisions were recently adopted in foreign economic policy and the mechanism for its implementation. The restructuring of economic management opens up broad scope for improving the effectiveness of our foreign economic links and -- this is especially important -- for strengthening the external market's influence on the work of sectors and enterprises, on the quality of their output, and on scientific and technical progress.

In this connection the improvement of the productiveness of cooperation with the socialist countries is fundamentally important. The restructuring of the economic mechanism is called upon to create favorable economic and organizational and legal conditions for the profound integration of our national economy with those of the fraternal countries.

Broad opportunities for this are opened up by the granting to enterprises of the right to enter upon direct coproduction [kooperatsionnyy] links with partners from the socialist countries. As the recent discussion of this question in the Politburo showed, as yet extremely inadequate use in being made of them. One of the reasons for this is clearly the absence of any economically accountable interest for labor collectives. It is quite obvious that the success of restructuring in our country also largely predetermines the improvement of the effectiveness of economic and scientific and technical cooperation with the fraternal countries. The Central Committee Politburo and Secretariat and the Council of Ministers must constantly monitor the development of economic cooperation with them.

We must carefully and profoundly study the experience of our friends and adopt everything that can be used in the interests of the USSR national economy.

In short, Comrades, an important and large-scale restructuring of the activity of the centralized leadership of the national economy lies ahead. This work and the transfer of enterprises to economic accountability consitute a single whole -- the radical reform of the management of the economy.

Restructuring Organizational Structures and the Work of Management Organs [subhead]

Comrades! You understand that, in changing the economic mechanism and switching to the new methods of economic management, it is impossible to get by without also tackling thoroughly the improvement of organizational structures.

What would it be possible to say in this connection concerning the basic link of the economy? Today's enterprises and associations were formed in conditions in which they were obliged to create their own billet, tool building, casting, repair, and other shops without heeding the rise in production cost, without paying attention to the primitive nature of production and low labor productivity. The excessive growth of a nonmonetary economy also occurred within sectors, giving rise to irrational ties and the squandering of social labor.

Despite all our efforts, the creation of production, and particularly of science-and-production, associations came to a halt. It ran up against departmental barriers and territorial boundaries, against the desire on the part of higher organs to incorporate in the associations enterprises belonging only to their own ministry, only their own main administration.

Which enterprises and associations do we need? Clearly, there is no unequivocal answer here. In resolving such an important issue it is impossible to act in the old manner. All the same, we must speak of certain initial ideas. First of all, the makeup of the enterprises and associations must conform to rational specialization and cooperation and create the conditions for the application of the most progressive equipment and technology. It is important to unite in one organization all the links of production, from applied research to series production and technical services. Here, of course, it is necessary to take the factors of manageability into account. Finally, in the production of any given type of product we should avoid the monopoly position of associations.

I believe that the transfer of enterprises and associations to full economic accountability and self-financing must be combined with their being granted rights to set up joint production facilities and associations based on share ownership, as far as complete merger if economic advisability so dictates. We are sure that in the new conditions enterprises will display an interest in the formation of various types of voluntary associations linked with the creation of new equipment, collective-access computer centers, social and nature-protection facilities, transport centers, and even cadre-training and management schools.

But nor can the position of management organs here be a passive one, let alone a conservative one. It is essential to open the gates wide for various integration processes.

In the long term several thousand major sector, intersectorial, and territorial-sector associations capable of effecting through their own efforts the entire cycle "scientific research -- investment -- production -- marketing -- servicing" could become the objects of direct management from the center in place of the current 37,000 industrial enterprises included in the state plan. Alongside these, under republic and local jurisdiction, there could be tens of thousands of medium and small enterprises, including cooperative, geared to servicing the major associations and to the local market.

The question of the organizational restructuring of sectorial management is no less important.

What must this restructuring consist of? The precise delimitation of what the ministry is answerable for and what the association and the enterprise are answerable for. The ministries must become in fact the sectors' scientific-technical and planning-economic staffs; must answer to the country for the satisfaction of the national economy's requirements for the output produced by the sector and for the achievement of world standards in terms of production technology and the quality and technical standard of output; must engage actively in the development and improvement of the sector's structure and the deepening of specialization and cooperation; and must formulate the economic normatives, levers, and stimuli for the subordinate enterprises.

They have at their disposal the pilot scientific and technical organizations and the centralized funds of resources with which, as necessity dictates, new enterprises can be created and the labor collectives' efforts in the major reconstruction and expansion of production can be reinforced. The overwhelming majority of sector ministries will really be able to join in foreign economic activity. A crucial task of the ministries is training, increasing the skills, and retraining cadres. Their role here is growing immeasurably.

To block attempts by ministries' apparatus to engage in administrative tutelage of enterprises, ministries must be relieved of the functions of operational-economic management by removing the relevant subdivisions and reducing the numerical strength of the apparatus of ministries and the organizations serving them. With their new functions, ministries do not need an unwieldy structure and huge staff organizations. The question of combining some ministries could arise in the course of the implementation of the proposed measures.

It is well-known that we have embarked upon the shaping of a management system involving national economic complexes and groups of interconnected sectors. The Gosagroprom, the Gosstroy, the Bureau for Machine Building, the Bureau for the Fuel and Energy Complex, the Foreign Economic Commission, and the Bureau for Social Development have been established and are functioning as permament organs of the USSR Council of Ministers.

This system is at the establishment stage. We are still seeking the best possible distribution of functions between organs of complex management on the one hand and the USSR Gosplan and ministries on the other.

We must consistently pursue the line of transforming the permanent organs of government into viable organizations responsible for the development of their complexes and the solution of intersectorial problems. We know from experience that major national economic problems arise at the point where sectors come in contact with one another. It is here that we encounter most of the breakdowns in coordination which inflict major losses on us. It is also here, however, that great reserves for the improvement of work are to be discovered.

The strengthening of the permanent organs of government will make it possible to lock ministries and departments into them and make management more effective and fruitful.

The new conditions make greater demands on the quality of work by central economic organs: the Gosplan, the Ministry of Finance, the State Committee for Prices, the Gossnab, the State Committee for Science and Technology, and State Committee for Labor and Social Problems, and others. The transition to complete economic accountability, the fundamental changes in ministries' activity, and the development of the system of the leadership of national economic complexes mean fundamental changes in the functions of these organs.

As for the USSR Gosplan, the center of gravity in its work must be shifted to definition of development prospects, implementation of fundamental economic and social tasks, and the provision of balance at national economic level. Consequently, there must be a fundamental transformation of the Gosplan's struture as the country's supreme scientific and economic staff. It is important to fundamentally strengthen its consolidated subdivisions, social orientation, and scientific, technical, and territorial services. Of course, all this must be most closely linked with the functions of permanent organs of the USSR Council of Ministers.

It is evident, Comrades, that the matter of strengthening the USSR Gosplan's coordinating role as regards the activity of other central economic departments is pressing.

We have already said that the new system will only be effective if it is able to unite and harmonize the diverse interests of our society, including not only the interests of enterprises and sectors but also the interests of republics, krays and oblasts, cities and rayons, or, as it is customary to say, territorial interests.

It must be borne in mind that unless we include local potential and initiatives in work to implement radical reform, matters may suffer greatly.

It is worth recalling, Comrades, that many ideas on whose basis we have conducted important experiments and elaborated the modern concept of management were born locally and found a way into life thanks to the enterprising work of local organs. The team contract in agriculture and construction and in industrial production, new forms of territorial economic administration, progressive undertakings in rail transport, in the services sphere and trade, the transition to self-financing and much, much more -- all this was born at the initiative of the labor collectives with the active support of local party, soviet, and economic organs.

A number of decisions have been taken recently to enhance the role of republican organs and local soviets. They have met with approval. Nonetheless, the territorial aspect of management still has not received proper attention and resolution. Radical measures are required here.

The experience that we possess speaks in favor of the activity of territorial organs being focused above all on the problem of the region's comprehensive development, on the most rational use of local resources -- manpower, natural, production, and economic resources. Actually, we have already taken concrete steps in this direction. I have in mind the creation of organs for the management of the industrial complex, construction, consumer goods production, and rendering of services.

The territorial organs can do a lot to create intersectorial production facilities, to make better use of unique equipment and secondary resources, and to form the production infrastructure. There is a large field for their activity here.

The social sphere is, of course, a very important subject of territorial administration, above all on the part of the soviets. In this connection I have two comments to make. The first concerns the defense of the interests of the social sphere in big cities. Comrades, in these cities we must halt the escalation of production construction to the detriment of their social development.

Why should we not conceive and introduce a system whereby production construction can be authorized for ministries or departments only if at the same time they earmark funds for the territorial organs for the development of the social sphere on the basis of justified norms? I think this approach would help to introduce order in urban development.

The second concerns the role of territorial organs in organizing cooperative and individual labor activity. Virtually all the necessary decisions on this score now exist at state level. Many working people would like to join into cooperatives to resolve particular tasks connected with satisfying people's requirements. There are many people anxious to engage in individual labor activity. Everything would seem to exist for the development of this important process. Yet it is proceeding with very great difficulty and very slowly. [paragraph continues]

One reason is the lack of initiative of local organs, their lack of attention to the matter, and sometimes their reluctance to engage in it, and all kinds of bureaucratic obstacles. Yet this is the direct duty of the local organs and they should be fully answerable for it.

So, whatever aspect of our economy you take, everywhere you feel the need to enhance the role of territorial organs, the soviets above all. Here we evidently cannot do without measures of an organizational nature. In our view it is expedient to create within the oblispolkoms and krayispolkoms production and economic administrations for the comprehensive elaboration of plans for the development of regions and the coordination of all economic activity on a given territory.

In general, Comrades, we need a system of management according with the new principles of economic administration and the essence of economic methods. It should clearly demarcate the competence and responsibility of management organs at all levels and in all spheres and create the best conditions for the functioning of the basic link -- the enterprise and association.

Social Aspects of the Restructuring of Management [subhead]

Comrades! Man, with his real interests and motives, is the focus of our economic policy and economic practice.

We must realize that the time when management boiled down to orders, bans, and appeals has receded into the past. Now it is already clear to everyone that it is no longer possible to work with such methods. They are simply ineffective. Creating a powerful system of motives and incentives prompting all workers to reveal their abilities to the full, to work fruitfully, and to make the most effective use of production resources -- that is the command of the times.

Everything is extremely important here -- the organization of labor and the form of incentives, the system of employment, the situation on the consumer market, and the state of sociocultural servicing. Each of these fields should be examined from the viewpoint of the activation of the human factor.

The question of the need for a qualitatively new approach toward the organization of labor is acute. What we have belongs as a rule to yesterday or even the day bvefore yesterday. We need an organization of labor which accords with the modern requirements of scientific and technical progress, which absorbs the best native and world experience, and, which is particularly important, which complies with the new conditions of economic management and the principles of self-administration.

Now, after a series of well-known experiments, it is clear to us all that the collective contract and other effective forms of organizing and encouraging labor best accord with the new economic mechanism. Only on their basis is it possible to fully implement economic accountability and bring it to every collective and work place.

The system of the remuneration and encouragement of labor should be structured anew. Now, on the basis of the Law on State Enterprise, the enterprise will be guaranteed the right to increase wages and salaries and to establish bonuses. The potential for effective incentive is being drastically expanded. [paragraph continues]

But here it is particularly important that each worker's actual wages should be made closely dependent on his personal labor contribution to the end result and should not be restricted by any limit. There is just one criterion for fair wages -- whether they have been earned or not.

The intensification of social production and the creation of the corresponding economic mechanism are prompting us to take a new look at problems of effective employment in our society.

At previous stages, under conditions of the predominantly extensive development of production, the number of work places grew rapidly. The main problem then was the search for new workers. The situation is now changing radically. Under the conditions of scientific and technical progress the scale on which workers are being released will grow considerably. The new economic mechanism will also be conducive to this. At the same time there will be an increase in the demand for manpower resources for the services sphere, culture, education, health care, and leisure.

This regrouping of the workforce requires close attention and carefully considered organizational measures. We must ensure social guarantees for working people's employment and the constitutional right to work. The socialist system has this potential.

In the new situation it is necessary to expand the rights and enhance the responsibility of the state organs for labor and social issues.

I have already said that in recent years a large gulf has formed between the population's money incomes and effective demand on the one hand and their material provision on the other. In the period 1971 through 1985 the quantity of money in circulation increased 3.1 times while the production of consumer goods doubled. Within the framework of the reform of economic management we must consistently and persistently continue the line toward subordinating the production of consumer goods to the population's requirements. Simply filling warehouses is not only extravagant but also absurd, which ever way you look at it. It is better to close down such production. I think this question merits the closest attention.

But it is not only a matter of providing goods to meet the population's effective demand. We must obviously also think about enlisting the population's funds more fully to resolve a number of other tasks. Many people want to acquire housing using their own money through cooperative or individual housing construction. There has been no real headway here. On the contrary, until recently the proportion of cooperative construction had been declining markedly. This, of course, is wrong.

Considerable funds can be enlisted from the population on a loan basis to create leisure and tourism bases and to construct chargeable sports installations in residential areas. The population could also invest on specific terms in the cooperatives now being created in the services sphere and other sectors.

Here we approach yet another question. To overcome the deformation of demand it is necessary to accelerate drastically, to double or treble, the pace of the development of the entire sphere of chargeable services, to introduce additional incentives there, and to provide more resources. Calculations show that, by proceeding along this path, we can ensure an annual growth in services of 15-20 percent.

All this and much else would make it possible in the very near future to achieve an improvement in the situation on the commodity and services market and the consolidation of monetary turnover. Let those whose job it is -- both centrally and locally -- think about this.

In the present situation the passiveness of those leaders who fail to use the new opportunities opened up for resolving social tasks is particularly intolerable. On the one hand the old habit of approaching the solution of social problems on the basis of the leftover principle and, on the other, the prevailing mentality of parasitism are probably still at work here. We must resolutely bid farewell to the former and the latter. Now no one will resolve the collectives' social problems for them. We must act vigorously, sensibly, enterprisingly, in general in a proprietorial manner in the labor collectives, cities and rayons, oblasts and republics.

The Restructuring of Management Needs Precise Organization and Party-Political Backup [subhead]

Comrades! The radical reform of the system of economic management is not a single act but a process for whose completion a certain amount of time will be needed. But we can brook no delay here, as they say. That could turn out to be the main danger. Too much time has already been lost. In any case we must enter the 13th 5-Year Plan with a new economic mechanism, although its turning will continue even in the following 5-year plan.

The Politburo considers it intolerable that the absence of reliable organizational backup and dilatoriness and lack of coordination of actions should have led, as has been the case in the past, to the prolongation and incomplete implementation of reform.

In this connection it is proposed that the plenum approve "The Basic Propositions for the Fundamental Restructuring of Economic Management" which contain both principled and specific instructions for creating a new system of management and which would be a party directive for all subsequent work in this field.

What is the organizational design of the proposed restructuring of economic management?

Its point of departure will be the USSR Supreme Soviet's adoption of the USSR Law on State Enterprise (Association). Before the end of this year it is planned to adopt a whole "package" of specific decisions on the major aspects of restructuring management in order to bring centralized management into line with the Law on State Enterprise.

As of next year, 1988, enterprises and associations producing about two-thirds of all industrial output, including all machine building and metallurgy, most enterprises of the fuel and energy sectors and the chemical, timber, light, food, and fishing industries, and all types of transport will work on the basis of the new principles. In 1989 the transition to the new conditions of economic management should be completed.

The restructuring of the most important functions of economic management -- planning, price formation, finance and credit, material and technical supplies -- will be implemented and stable long-term economic normatives for the 13th 5-Year Plan will be elaborated along parallel lines by the end of the 5-year plan.

The new 5-year plan will have to be drafted in a new way, on the basis of the system of economic management which is being introduced. Above all enterprises should be provided with broad autonomy in concluding contracts on the basis of economic normatives and consumers' orders. All work must be organized so as to ensure the adoption of the plan for the 5 years before the start of the 5-year plan itself.

Comrades! The organizational aspect of the project transformations should include an extensive program of legislative activity and the formalization of the legal mechanism of economic reform.

The approach is simple: Obscure points in the question of the legality or illegality of particular actions in the economic management sphere should be totally excluded. Wider use must be made of the common law principle: "Everything is permitted which is not prohibited by law."

Obviously, after the adoption of Law on State Enterprise we must repeal all normative acts which contradict it and also place departmental norm creation within a strict legal framework.

A system must also be created for the rapid entry of laws and government resolutions into the labor collectives. People must know the laws regulating their lives and activity.

In this connection the tasks of the Prosecutor's Office supervision of the observance of the laws by all organizations and officials increase immeasurably. The role of the State Board of Arbitration in regulating economic life should be substantially enhanced.

I should particularly like to stress the need for the maximum openness and publicity [otkrytost i glasnost] for the entire process of elaborating and taking decisions on questions of socioeconomic life and for regular and open reporting by representatives of the management organs. The publication of drafts and resolutions and broad notification of proposals which have come in on the questions under discussion should become the rule. The new law on the nationwide discussion of the most important questions of state life, whose draft is being submitted at the forthcoming USSR Supreme Soviet session, is devoted to this.

The radical restructuring of our statistics is a very large and acute question. A drastic turn toward qualitative indicators, the expansion of information on questions of regional and social development, and the execution of various selective studies are needed here. Without this serious socioeconomic analysis and consequently a competent approach toward problems are impossible. We must also push back the frontiers of the publishability of items on economic and social statistics.

Comrades! It is now particularly necessary to step up party influence on all avenues of our work and to achieve bold leadership of social processes and the elaboration of new creative approaches. To transfer the economy to the new system of management our most important task -- from Central Committee to primary party organization -- is to ensure the national economy's normal functioning. This is important precisely because in the transitional period we will have to simultaneously resolve a number of major and complex tasks of our economic development and implement the structural restructuring of the national economy, measures to accelerate scientific and technical process, the radical reform of management, and the intensification of its democratic foundations.

Here we must not overlook the fact that for a certain period that will be needed for the comprehensive solution of these tasks both the new and the old methods of management will operate at one and the same time. This will face party organizations with problems of an unusual nature and complexity. They are called on to be in the vanguard of all the transformations which are being implemented.

The reform which has been begun essentially affects all floors of our economic edifice. It is extremely necessary that the enormous amount of varied work to transform the economic mechanism, which is being performed at all levels of the national economy, should attract the constant and unremitting attention of party organizations and committees. They are the ones which must impart a political, statewide approach toward work on the fundamental restructuring of economic management.

The role and responsibility of party organizations at enterprises and associations is particularly great. Their political maturity and militancy will be tested, and their party stance and practical work will largely determine the transition to new methods of economic management and the implementation of the principles of self-management within labor collectives.

We are convinced that all party organizations, all Communists, and all cadres will redouble their energy in tackling the solution of pressing economic problems, fully aware that our economy's restructuring is the decisive and main condition for our advance along the path of growing prosperity for the Soviet people and all-around progress for our socialist motherland.

Comrades! These are the ideas and principles providing the basis for the planned restructuring of the management of our economy -- the most far-reaching and most extensive resctructuring in all the years of socialist building. It is incumbent upon us to approach its implementation with a feeling of enormous political responsibility to the people, to our country's future.

The main purpose of the reform is to provide new incentives and impetuses to our economic growth and to lay firm material foundations for Soviet society's accelerated social and spiritual progress.

The restructuring that has been launched in the country is a direct continuation of the cause of October, a consistent implementation of the ideals imprinted on the banner of our revolution, whose 70th anniversary we will celebrate this year.

Restructuring is the response to the historical challenge of the times. Our party and our people will know how to respond to this challenge just as they responded when they accomplished the greatest social revolution, built socialism, and won the world-historical victory in the Great Patriotic War.

So it has been whenever we have been faced with the problems of historic choice. And so it will be now.

(The report was listened to with great attention and was accompanied by prolonged applause).

TASS Cites Politburo Changes

LD261418 Moscow TASS in English 1408 GMT 26 Jun 87

[Text] Moscow June 26 TASS -- The plenary meeting of the CPSU Central Committee studied organisational questions:

The plenary meeting promoted Nikolay Slyunkov and Aleksandr Yakovlev from alternate to full members of the Political Bureau of the CPSU Central Committee.

The plenary meeting elected Secretary of the CPSU Central Committee Viktor Nikonov a member of the Political Bureau of the CPSU Central Committee.

The plenary meeting promoted Dmitriy Yazov, minister of defense of the USSR, from candidate member to full member of the CPSU Central Committee and elected him an alternate member of the Political Bureau of the CPSU Central Committee.

The plenary meeting relieved Sergey Sokolov of his duties of alternate member of the Political Bureau of the CPSU Central Committee in connection with his retirement.

The plenary meeting removed from the CPSU Central Committee Dinmukhamed Kunayev for serious shortcomings in leading the republic party organisation when he was first secretary of the Central Committee of the Communist Party of Kazakhstan.

SUPREME SOVIET TO HOLD SESSION 29 JUNE

LD261329 Moscow Domestic Service in Russian 1300 GMT 26 Jun 87

[Text] The opening of the 7th session of the USSR Supreme Soviet of the 11th convocation will take place at a joint meeting of the Soviet of the Union and the Soviet of Nationalities, on 29 June at 1000 [0600 GMT] in the session hall of the USSR Supreme Soviet in the Great Kremlin Palace.

MOSCOW RADIO BEGINS BROADCASTS IN SIX LANGUAGES

LD250922 Moscow Domestic Service in Russian 0600 GMT 25 Jun 87

[Text] This morning Moscow Radio began broadcasting in six foreign languages on medium wave. In addition to the existing program in English, broadcasts will go out in Arabic, Spanish, French, German, and Japanese.

The programs are designed for a broad range of listeners including students, tourists, and representatives of business circles who display continual interests in events of the domestic life of the Soviet Union and its foreign policy. From Moscow Radio medium-wave broadcasts foreign guests in the capital will be able to find out about the latest events in the world, cultural and sports news, and weather reports. Programs about life in the Soviet Union and the country's labor affairs will become routine. Foreign listeners will be able to get firsthand genuine information in their own language about the Soviet Union.

IZVESTIYA REVIEWS KNOWLEDGE SOCIETY CONGRESS

WA251612 Moscow IZVESTIYA in Russian 29 May 87 p 2

[TASS report: "Lecture Propaganda -- Cause of the Party"]

[Text] To proceed from real life and its problems, from the new situations developing in the process of restructuring -- that is the area in which our country's lecturers and propagandists see their task. They strive to be active conveyors of the party's strategic course, by fundamentally changing the content, forms, and methods in their work. That was mentioned by the delegates to the Ninth Congress of the All-Union Znaniye [Knowledge] Society.

On 27 May the first person to speak during the discussion period was Academician I.F. Obraztsov, RSFSR minister of higher and special secondary education, and chairman of the board of the Znaniye Society. He considered a broad group of problems linked with improving lecture propaganda. In the speaker's opinion, that propaganda does not yet conform completely to the demands of the time, or to the rates of scientific-technical, social, and spiritual renovation. In this regard, special attention in the statement was paid to the training of lecturer cadres, their competency, erudition, civic position, and skills as orators.

The Russian Federation has more than a million scientific workers, but only every eighth one is a member of the Znaniye Society. Many scientists and specialists are remaining aloof from propaganda work. The major institutions of higher learning, universities, and pedagogical institutes, the academician feels, need departments of lecture propaganda methodology, oratory, and the principles of information science.

Important questions of improving the quality of lecture propaganda and its greater directedness toward the resolution of the most important tasks of restructuring were raised in the statement of I.K. Polozkov, first secretary of the CPSU Krasnodar Kraykom. He devoted special attention to the problem of cadres for rural areas. The speaker shared the experience that had been accumulated by the party organization in searching for new forms and methods of propagandizing advanced knowledge.

In this area the best lecturers and many scientists have rejected the traditional forms -- lectures. Before arriving at the auditorium, they study the state of affairs locally, and together with the rural workers, plan approaches to the resolution of the tasks being advanced by practical life. Not lectures but a dialogue, a discussion on vitally important problems -- this is where the Znaniye Society activists see one of the main ways to increase the effectiveness of propaganda.

While placing a high evaluation on the authority of the Znaniye Society and its contribution to disseminating scientific and political knowledge, the speaker at the same time remarked that this completely public organization could not avoid the corrosion of bureaucratism or of excessively organized actions. It is paradoxical that the society's monetary means are formed locally on a voluntary basis, but orders from above prevent the society from disposing of them. The personnel staffs, estimates, the size of honorariums, and even bonuses -- the people at the center have assumed the responsibility for deciding all these things.

There is no need to be afraid of giving the "lower levels" the right to resolve these questions. Only benefit for the job being done can result from this.

Academician K.V. Frolov, vice chairman of the USSR Academy of Sciences, devoted his statement to problems of the further improvement of the propagandizing of the achievements of science and technology, and advanced domestic and foreign experience. Our country, he said, has as its disposal modern and unique technological processes, and has developed new methods for implementing them. Therefore it is very important under the present conditions, with the aid of the Znaniye Society activists, to propagandize those innovations.

It is obvious to everyone that the essence of the restructuring in the economy lies in quality, M.M. Gvozd, manager of the poultry farm on the Sovkhoz imeni XXVI Syezd KPSS, Cherkassy Oblast, said at the beginning of her statement. But in ideological work we do not always approach an understanding of that. It happens that, when discussing the evils of alcohol, we lecture to nondrinkers, and when conducting antireligious propaganda, we lecture to nonbelievers. Take youth, for example. Young people know by heart the names of soccer and hockey players and performing artists. But they do not know the advanced kolkhoz chairmen, the experts who have achieved large milk yields, or the heroes who have performed exploits in Afghanistan.

A.D. Lizichev, chief of the Main Political Administration of the Soviet Army and the Navy, conveyed his heartfelt wishes of fruitful work to the congress delegates and to all the activists and members of the Znaniye Society. He emphasized the importance of joint collaboration in the area of patriotic-military education and the propagandizing of military knowledge.

Special attention in the statement was devoted to the formation of the ideological-political and moral awareness of the young people who are preparing for service in the Armed Forces. In this regard the speaker shared his concern that, recently, undertones of pacifism have begun to appear in certain statements. But the struggle for peace and pacifism are by no means one and the same thing.

Today we are being reconvinced of the need for the fundamental restructuring of the work of the Znaniye Society, for putting it in complete conformity with the requirements of the 27th CPSU Congress and the CPSU Central Committee January Plenum, said P.K. Khabibullayev, president of the UzSSR Academy of Sciences, chairman of the board of the Znaniye Society of Uzbekistan.

But this is not yet occuring. The real influence exerted by lecture propaganda upon the process of acceleration remains low. The work of disseminating that which is new, that which is engendered by practical life, remains neglected. Of course, it is no easy matter to break with inertia and the well-established stereotypes, because it is no secret that most lectures are not very popular, are conducted superficially, simply for the purpose of putting a check on a list of measures carried out, and fail to touch the mind or heart of the audience. Meanwhile the search has failed to provide any positive results.

Academician G.K. Skryabin, chairman of the board of the Moscow City Organization of the RSFSR Znaniye Society, speaking about the ways to improve the quality of the statements made to the mass audience, emphasized that it is necessary to take a comprehensive approach to the resolution of this important problem. He discussed the comprehensive program for improving lecture propaganda during the 12th 5-Year Plan, which program was created by the CPSU Moscow City Committee with the participation of the aktiv. The fulfillment of the program has already begun. One of its fundamentally important points is the conclusion of contracts for lectures between labor collectives and scientific institutions, ministries, and departments. More than 300 contracts for lectures dealing with technical-economic topics have been concluded.

As proof of the efficacy of this program, the scientist cited an interesting fact. During the entire year of 1985, lectures at labor collectives in Moscow were given by fewer academicians and corresponding members than during the first 4 hours of work at the present congress; in 1986, 17 persons did, and in the current year, more than 150 so far.

Reminding the audience proudly that laser technology was invented in our country, the speaker regretfully remarked that the Moscow Planetarium, which, incidentally, belongs to the Znaniye Society, is practically the only one in the world where the laser is not used in its technical equipment.

In the discussion at the congress it was emphasized that the restructuring in all spheres of material and spiritual life of Soviet society has been aimed at resolving tasks in the interests of man, and that the chief means of achieving these goals in man himself.

While mentioning specific positive tendencies that have been noted in lecture propaganda, many speakers remarked that one still continues to observe in that propaganda various features of dogmatism, scholastic theorizing, and a total disregard of the real problems the party and nation are resolving.

The lecturer's word is an effective means of enlightening and educating the masses, the speakers said. The concern of the Communist Party and the Soviet Government for the further improvement in the quality and effectiveness of lecture propaganda is the reflection of the course aimed at the complete development of the individual, at increasing the role of the human factor under the conditions of our way of life.

Messages of greeting to the congress were given by foreign guests -- Professor G. Girginov, chairman of the republic council of the Bulgarian Society for the Dissemination of Scientific Knowledge; Academician G. Adam, chairman of the Hungarian Society for the Dissemination of Scientific Knowledge; Academician Tron Dai Nghia, chairman of the Vietnamese Union of Scientific and Technical Societies; and Professor L.-G. Fleischer, first deputy chairman of the East German Uraina Society.

On 28 May the congress continued its work.

Academician V.A. Ambartsumyan, president of the ArSSR Academy of Sciences, and chairman of the board of the Armenian Znaniye Society, devoted his statement to ways to renew oral propaganda that guarantees the success of the restructuring in all areas of life. Discussing the need to improve the quality of lectures, he made an uncompromising statement: one bad speech cancels out 20 good ones. There must be no second-rate lectures, just as there cannot be any second-rate science or second-rate knowledge.

Analyzing the reasons why the society's work is not yet of high quality, the scientist mentioned the approach that one still encounters -- the gross approach to the evaluation of results, and the chase for impressive figures. He cited a specific example. The republic's Znaniye Society today has 20,000 persons, but, in the speaker's opinion, by no means all of them are capable of giving a lecture at the level of present requirements or simply the admissible level. It is time to think about a system of measures that will set up a road block against poor lectures.

The speaker posed the question of using television, with its audience of many millions of viewers, in lecture work.

B.I. Oleynik, secretary of the board of governors of the UkSSR Union of Writers, said that a sense of deep gratitude is evoked by the very noble attempt to bring knowledge to millions of people. One must give a deep bow to the teachers, physicians, and grain-growers -- everyone who is deeply engrossed in his own basic work, but nevertheless does not begrudge his free time to disseminate that which is intelligent, good, and eternal.

However, in addition to faithful and devoted spreaders of knowledge, we also have a rather large number of those who have converted the principle of material self-interestedness, which principle is also present in lecture work, into a greedy chase for the ruble. For people like that, the most important thing is to make as many speeches as possible, but their quality is of secondary importance. So it has turned out that the form of introducing knowledge sometimes does not correspond to today's audience level. There has even developed a kind of unspoken agreement between the lecturer and his audience: You can give us a lecture and earn money, and we can attend your lecture to get some relaxation from our worldly cares.

Waxing indignant about this, the speaker called for that kind of lecturer work in which he himself is not just a pontificator, and the audience are not a mute congregation.

T.V. Glavak, deputy chairman of USSR Gosprofobr [State Committee for Vocational and Technical Education], mentioned the importance of propaganda work among young people. With every passing year, she said, one sees the increasing confirmation of the priority role of vocational-technical education as a school for developing a reserve of skilled worker cadres who must conform to the level of the not too distant 21st century. The development of worthy replacements for the working class is an important governmental task, and its fulfillment would be inconceivable without the participation of the Znaniye Society. Many major scientists have engaged in this work. However, we have not yet seen any real restructuring of lecture propaganda in the vocational and technical education system.

V.M. Mishin, AUCCTU secretary, reported that one can observe in the labor collectives and cultural-educational institutions the steady development of network of lecture series, people's universities, public political clubs, and special-interest associations. However, the trade unions are not yet exerting a strong influence upon the nature and content of lecture work, and their role is frequently limited to simply to allocating the material funds.

The speaker directed his attention to the need to intensify, jointly with Znaniye Society, the work of restructuring the lecture-propaganda work. He recommended in particular, the creation of a network of people's universities for the trade-union aktiv, with departments to develop organizers of socialist competition and recreational activities, and administrators of public personnel departments.

A.A. Keyerna, vice-president of the ESSR Academy of Sciences, reported to the congress delegates about the restructuring in the work of the Estonian Znaniye Society, of which he the chairman of the board of governors. He reported that there had been a certification there of the lecturer's knowledge, and record cards had been prepared for audiences, thus making it possible to carry out seriously and in a more concrete manner the differentiated approach to various categories of audience members. The institutes of lecture organizers that have been created in the republic, and social research that has been conducted in all parts of Estonia, are oriented at fulfilling the social mandates of the work collectives. At the same time the speaker dwelt on the problems that have been hindering the forward movement. One of them is the fact that the lecture cadres are growing older, and there is a shortage of fresh young creative efforts.

Academician A.A. Samarskiy compared the period of inert situations that were observed in our country in the 1970's with a kind of state of euphoria from the awareness of the fact that we can do everything. This unconcern and complacency resulted in the arising of many problems -- economic, ecological, and social -- that frequently are more complicated than the ones that caused them. Therefore, the speaker stated confidently, as we move along the path of restructuring we must have a thorough knowledge not only of what we must do, but also of what we must not do. By way of an example he cited the idea of redirecting the flow of the northern rivers.

The period of the half-decay of knowledge (there actually exists such a term, which characterizes the time it takes for the scientific information that is constantly accumulated to become obsolete) is constantly becoming shorter. Therefore special importance is currently attached to the self-education, training, and retraining of cadres. In all eras, the chief demand will be not for technology, but for human intelligence. The task of the scientists and the Znaniye Society activists is to develop a creative, inventive spirit, so that everyone will feel that he is not only a user, but also a developer, of the values being created.

In the era of scientific-technical progress, everything that is new and that has been created by the best experts in their particular fields must become common property, A.I. Terekhov said, developing that idea. Terekhov is a milling machine operator at the Tula Weapons Plant and a member of the section for propagandizing advanced production experience, attached to the board of governors of the Tula Oblast organization of the RSFSR Znaniye Society. [paragraph continues]

He emphasized the fact that it is necessary to involve more broadly in the work of propagandizing the advanced workers' experience the creators of that experience themselves.

The Tula Weapons Plant has a rather large number of enthusiasts who convey to their coworkers the glorious traditions of the working class and its best achievements. They have made a large contribution to mobilizing the efforts of the collective in fulfilling the Intensification-12 [12th Five-Year Plan Intensification] program. Special attention is paid to problems of improving the discipline and organizational spirit, and problems of multishift maintenance of the machine-tool pool, and of improving the quality of labor. The lecture series "Rostrum of Scientists and Practical Workers" and schools for foremen and brigade leaders are in operation at the enterprise. At the same time, the workers' participation in the work of society could be greater.

Inasmuch as our society's work is one of the elements of the continuous educational system, it is necessary for us, following the example of the higher school system, to develop our own concept of development, said N.N. Bagrov, secretary of the Ukrainian Communist Party Crimean Obkom. He shared with the congress participants the experience of improving the administration of lecture propaganda in the Crimea. Its essence can be briefly summarized by stating that by way of an experiment all the propaganda-lecture work in the oblast was concentrated in the hands of the local organization of the Znaniye Society. The creative unions and other ideological departments conclude contracts with the society. From now on, any lecturer speaks from the rostrum only as a representative of the Znaniye Society who has been provided with a standardized trip ticket. A methodology has been worked out to guarantee time-responsive and differentiated monitoring of the quality of the lectures. On the whole, the speaker reported, the experiment has been justifying itself.

A.S. Barkauskas, chairman of the board of governors of the Lithuanian Znaniye Society, emphasized that, in the work of the republic's lecturers, an important place is occupied by atheism and counterpropaganda. Consideration is also taken of the direct tie between the dissemination of atheistic knowledge and international education, because the subversive imperialistic centers recently have concentrated their activities on the so-called national question.

Lieutenant Colonel M.A. Savinkov, participant in combat operations against the rebel gangs in Afghanistan, conveyed the gratitude of the internationlist fighting men to the activists of the All-Union Znaniye Society.

A.I. Golyakov, deputy chief of the All-Union Council of War and Labor Veterans, remarked that most of the veterans, despite their age, have not lost interest in public life. One can only envy their curiosity about the restructuring that is occurring throughout the country, and their desire to receive answers to the questions that concern them and to make a contribution to the acceleration to the best of their abilities. For that purpose it would be a good idea to create lecture series everywhere for veterans, he said.

At the same time, the speaker said there has been a weakening of military-patriotic work.

B.A. Kustov, director of the West Siberian Metallurgical Combine, spoke on what should be done to assure that lecture propaganda will help every worker to determine his personal contribution to implementing the party's decisions. After discussing the high level to which the enterprise is equipped, the director emphasized that the organization of the Znaniye Society at the combine gives an important place to scientific-technical propaganda.

The center of gravity in the work, the director remarked, must be shifted today to the low-level labor collectives -- the sectors and brigades. For the time being, unfortunately, the lecture work at this level leaves much to be desired. All the administrators have not yet understood the need to take the lectures to the workers. In this regard, the speaker pointed out that the young generation of specialists coming to the combine from institutions of higher learning is completely incapable of carrying out propaganda work.

It is difficult to feed the person who is well-fed, or to put shoes on the person who is already wearing shoes. In exactly the same way, it has become difficult to inform the person who is informed. R.V. Krupina, honored teacher in the RSFSR school system, chairman of the board of governors of the Vichuga City Organization of the Znaniye Society, Ivanovo Oblast, spoke about the complexities and problems of working with an audience of well-trained young people. Every lecture for young people, if it is not presented for the purpose of being included in a report, requires the propaganda specialist to apply all his efforts, since every word and every idea must reach the mind and heart of the audience members.

The teacher devoted special attention to the contribution that has been made by the members of the Znaniye Society to implementing the oblast's Family Program. The reinforcement of the conjugal tie, the education of children, and the health of the family are only a few of the lecture topics being given by the society's activists both to young people and to their parents.

The congress welcomed its foreign guests -- Ts. Puntsagnorov, chairman of the board of governors of the Society for the Dissemination of Scientific Knowledge, corresponding member of the Mongolian Academy of Sciences; M. Zukowski, general secretary of the Polish Society for the Dissemination of Knowledge; G. Milka, deputy director of the Administration for Mass Cultural Work, of the Romanian Council for Culture and Socialist Education; M. Osmanagich, chairman of the Yugoslav Union of Societies for the Dissemination of Scientific Knowledge imeni Nikola Tesla; and M. Matous, chairman of the Central Committee of the Socialist Academy, corresponding member of the Czechoslovakian Academy of Sciences, deputy director of the Institute of Marxism-Leninism, attached to Czechoslovakian Communist Party Central Committee.

The congress, having approved the work of the board of governors of the All-Union Znaniye Society, enacted a decree reporting on it. That decree defines the specific paths for increasing the effectiveness of lecture propaganda and for improving all the work in the future.

The congress participants approved the report by the auditing commission and partial changes and editorial corrections in the society's rules.

New members were elected to the board of governors and the auditing commission.

The Ninth Congress of the All-Union Znaniye Society has completed its work.

DAILY ON WRITER'S CRITICISM OF DETERRENCE DOCTRINE

WA250605 Moscow LITERATURNAYA GAZETA in Russian No 19, 6 May 87 p 7

[Speech by Ales Adamovich (Belorussia) to USSR Writers Union Board of Directors Plenum]

[Text] I must make a clarification in connection with a part of Comrade Volkogonov's speech. He tactfully did not name me (I am affectionately grateful to him for this gesture), but I have nothing to hide.

To put it in professional language, what I slighted in my article in MOSKOVSKIYE NOVOSTI (8 March 1987) was merely the doctrine of deterrence via the threat of retaliation, that is, the threat that if you annihilate me, I will annihilate you! But this was yesterday. Today it is: If you start something, everything living on earth will die. You saw on television how furiously Margaret Thatcher clings to this doctrine, as do all militarists in the West. But we reject the principle of a balance of terror and, what is most important, are submitting the boldest proposals one after the other if only for all of us to relinquish the riskiest balancing above the abyss. This is only because they could annihilate us and we in response would also have to wipe out a whole country -- everyone, both the innocent and the guilty. What is most terrifying is that an exchange of such a quantity of warheads that all other peoples and countries would be killed -- we would destroy everything living -- would be inevitable.

A "first strike," were it to happen, would mean thousands upon thousands of warheads, several per enemy missile silo. This would inevitably mean nuclear winter, as scientists have estimated. It would mean radiation (the more so if shattered nuclear Chernobyls are taken into consideration) from which even the aggressor country could not save itself. This is, they also would be condemned to an even more agonizing death. But most important of all -- everything living on earth would be doomed to destruction.

Here is the passage from MOSKOVSKIYE NOVOSTI:

"It could be intimidating also, the new thinking. This is no easy thing, thinking through to their conclusion thoughts of the thermonuclear age.

"I was having a conversation with the commander of a modern submarine.

"'Are you not somewhat frightened to realize what cosmic power you have within reach?'

"Answer: 'Someone must have it, since it is there. One just has to keep oneself from unnecessary thoughts.'

"'But imagine,' I hastened to ascertain all at once, 'that those whose doctrine allows a nuclear first strike had launched one. Or an accident, a mistake, but half the world covered by a whirlwind of fire. And it was up to you whether to respond or not.'

"The women present at the table responded immediately:

"'Of course! They have hit us, they have wiped out everyone!'

"These hasty voices were from the last war, a prenuclear war.

"The master of the nuclear submarine, however, remained silent. Then he asked me:

"'Would you press it?'

"'I, no. The destroyers of mankind would then have achieved this through my hands. Through my second strike.'

"And, besides, I recalled and reminded them: Retribution would hit them all the same without a retaliatory strike -- in the form of lethal radiation from their own warheads to the bombed-out nuclear reactors.

"'I hold my peace, nonetheless,' the military man said, 'no one, they even less, must know how I would act.'

"We do not want to participate in the killing of mankind, to participate either in a first, second, or any other strike and it is for this reason that we support the complete elimination of nuclear weapons, are ready to and will with relief part with nuclear 'power,' we are not in the least gratified by cancerous pseudobiceps, we do not cling to nuclear power status -- all our propoals, moratoriums and practical steps to accommodate the other side speak for themselves."

So whom was the author of the article sparing? Surely not those who would attack his people? And not the remote Brazilian or Australian, the last on earth, perhaps, but, more precisely, homo sapiens, his human race!

There can be no winner in a nuclear war. This is an absolute truth of our time -- the very foundation of any realistic policy. A truth obligatory for military thinking -- the new thinking.

My submarine commander said: "I hold my peace, nonetheless, no one, they even less, must know how I would act."

That is, lest a possible aggressor, any nuclear idiot be tempted to escape retribution and sit out his own radiation, nuclear winter, and such in bunkers.

Although we understand this, we want everyone to understand it: There will be no successful waging of nuclear war. Whoever conducts it more "successfully" and launches more warheads will merely be making a bigger "contribution" to collective suicide. Such is the reality. Literature cannot and does not have the right to avoid pondering this. It should respond to its most accursed questions with works. But when I was suddenly and bluntly asked by the military man, I answered not only from the depths of my maddened consciousness, shaken by this inconceivable choice-question, but also from the depths of literature, in which Tolstoy, Dostoyevskiy and the great humanists of all times and peoples reside, and excuse me, there escapes from me this: "I would not press it!"

Suddenly somewhere, thanks to this, a pocket of life, not someone else's, ours, human life, would survive...!

Today is the anniversary of Chernobyl. It is not fortuitous that 26 April reminded many people who are somewhat older of 22 June. It truly ranked with it.

There was everything: wild, regrettable confusion, heroism and outright crimes. All this was and continues.

But literature views everything through the prism of psychology and morality, including Chernobyl.

What we need to rid ourselves of in the course of the restructuring is pseudopeople and pseudospecialists, from the "pseudo" in general. This phenomenon was conceived back in Stalin's time. Pseudoscientists, pseudocommunists and so on and so forth.

What is still occurring in the Belorussian soil and the Ukraine is preventing Chernobyl being put in the past. The situation still demands intervention, and that of writers first of all. If not we, who?

OFFICIAL SPEAKS ON EMPLOYMENT LEVEL, WAGE SCALES

LD192150 Moscow TASS in English 1709 GMT 19 Jun 87

[Text] Moscow June 19 TASS -- "The fact that 10-15 million people will be released from the productive sphere in the USSR by the year 2000 does not necessarily mean unemployment," Chairman of the USSR State Committee for Labour and Social Affairs Ivan Gladkiy told Soviet and foreign journalists today.

"Ten-fifteen percent of the work force have been freed in some branches of the economy already now," Gladkiy said. "Those who want to learn a new trade can attend retraining courses at the government's expense and receive their average monthly wage. Even temporary unemployment is out of question since job centres place Soviet citizens in new jobs within two weeks, during which they receive a grant, in some regions it has been cut to 5-7 days."

On state-run quality control system, Ivan Gladkiy said that its introduction did not go smoothly everywhere. Workers at enterprises, which failed to prepare themselves in time and in the right way for the introduction of that system, had a 2-10 percent reduction in their wages early this year. The situation has largely improved since then, but wages at some enterprises are below the level which existed before the state-run quality control system.

Responding to questions by journalists on the law on self-employment, economics Doctor Leonid Kunelskiy said that checks had revealed 10,000 self-employed people in Moscow and around 700 in Rostov-on-Don, southern Russia. He also said that these figures would rise several times within the next few years.

CENTRALISM, STRENGTHENING OF RUBLE ADDRESSED

PM151137 Moscow IZVESTIYA in Russian 7 Jun 87 Morning Edition p 2

[Article by N. Petrakov, corresponding member of the USSR Academy of Sciences, under the rubric "Restructuring and the Economic Mechanism": "Economic Management and Democracy"]

[Text] The search for new forms and methods of economic management is the distinguishing feature of our country's present-day economic life. This is a multilevel process which affects all stages of the management system and all aspects of the interrelations between labor collectives and individual workers engaged in various spheres of the national economy.

The pivotal main idea of the restructuring of national economic management is to reveal the full potential contained in the fundamental principle of economic leadership -- democratic centralism. Many years' practical experience of economic management shows that the practical implementation of this principle is a highly complex task.

The socialist ownership of the means of production presupposes the planned management of social production. However, planning without centralism, outside centralism, is simply unrealizable. Thus it would seem to follow logically that, the more centralism there is, the more planning there is and, consequently, the more the advantages of socialist ownership are revealed. The apparent faultlessness of this sequence of arguments has resulted in the practice of economic management tending toward the overelaboration of economic decisions taken by central planning organs.

The process of the restructuring of the economic management system is designed to rectify the situation that has come about. However, what does to rectify mean? The conventional and apparently logical answer is: to give greater independence to enterprises and associations. But independence is not an aim in itself. The main task is to increase as much as possible the effectiveness of socialist economic management. There is no guarantee that enterprises working "without being accountable" to higher authorities will automatically increase the efficiency of our economy. The problem of ensuring a democratic spirit in the management of the national economy cannot be interpreted in a mechanical fashion: reduce centralism, increase independence, and everything will run smoothly.

Democratic centralism presupposes the democratization of the actual methods of centralized management. This essentially is a question of the /democratization of centralism./ [slantlines denote boldface as published] The center must assume responsibility solely for those questions which cannot be solved effectively if at all at lower levels. The art of management is not to achieve the maximum concentration of decisionmaking but to delegate rights and responsibilities in strict accordance with the level of competence of each management tier. Management organs at the national economic level must know how to formulate the general economic goals and define the socioeconomic limits within which ways can be sought to attain them, since centralism, in the really democratic sense, presupposes the ability to achieve the full and unhindered development not only of specific local features but also of local enterprise, local initiative, and the diversity of ways, methods, and means of moving toward the goal.

The formula of democratic centralism is quite rigid, to the extent that a centralism which is losing its democratic nature begins to work against planning, that is, it essentially develops into a mechanism for instilling spontaneity.

The Cause of Disproportions [subhead]

The structural imbalance and disproportions which we are all combating now emerged in conditions when each step by any economic institution was most strictly planned, coordinated, and approved by higher authorities. What happened? What caused the disproportions and misunderstandings to occur? The answer lies in the fetishizing of the plan as a legal document. The thinking of many economic leaders has undergone an alteration, a change of concepts: I issue directives, I approve, therefore I plan. But such "planning" was often contrary to Lenin's understanding of planning as a constantly and consciously supportable proportionality.

For many years now people have condemned planning based on levels attained, the imbalance between plan targets and resource provision, and the constant adjustment of plans which causes tension and bottlenecks and disrupts supplies. There was no shortage of attempts to rectify the situation. But no fundamental breakthrough in planning work was achieved. And that was not coincidence.

It is not a question of these harmful traditions' being in principle ineradicable (as our Western critics would like to maintain) but of a mistaken understanding of the causes which create these negative phenomena. Essentially, efforts were directed toward strengthening centralism, not its democratic principles. It was not until the 27th CPSU Congress that this problem was properly highlighted. [paragraph continues]

The transfer to economic planning methods, the reciprocal rather than unilateral responsibility of planning organs and enterprises and associations for the quality of plan formulation and fulfillment, the clear "division of labor" between organs responsible for strategic and current planning, the priority of the consumer's interests at all levels of economic management -- these are the key points for democracy to develop into a system of centralized planning. The purpose of these changes is to intensify the planned nature of the development of the national economy using democratic mechanisms of management. Take, for example, planned economics normatives. They are fixed centrally but at the same time must be democratic, and the people responsible for implementing them must be given ample scope for initiative, economic choice, and risk-taking.

Payment for natural and labor resources used and production capital employed essentially reflects society's economic demands on their efficient use in economic circulation: The plan price acts as the social normative of the maximum permissible output production costs; the normatives for determining wages funds link the measure of consumption with the end results of production. It is far harder to correctly fix a plan economic normative than to plan an enterprise's output volume in units or tonnes. It is more difficult and more responsible because a mistake in a normative will affect the work of many enterprises. For that reason normative planning means a switch to a qualitatively new level of plan work. Do plan workers understand this point? Far from all of them, in my view.

New methods are often adapted to the old psychology. For example, the inclination to individualize plan normatives is extraordinarily strong. It is motivated, as a rule, by the end to take account of the specific features of each sector and each enterprise. It is wrong to treat everyone as though they were identical, they say. Whereas in fact it is the individual normative itself which contains within it the germ of wage leveling. More is taken from the good worker, less from the laggard. Thus the democratic principle of the equality of all before the law is consigned to the archives having scarcely seen the light at all.

It is true that this position has its own logic. For many long years enterprises had virtually no rights of their own when it came to carrying out modernization programs using their profits or even their own depreciation funds for reconstruction needs. The result has been that outdated technology and poor quality are by no means always "due" to the collective. But someone has to bear the responsibility for this. Let that someone -- the ministry, for example -- compensate for the temporary unprofitable production, be materially accountable for past mistakes in the distribution of capital investments, and help the enterprise to get out of its difficulties. If instead of that the general individualization of plan normatives begins, the incentives to rectify the situation will disappear and the responsibility will again switch from individual culprits to the state as a whole, because the obverse of the advantageous normative for the enterprise is the shortage of incomes for the budget.

Distribution Costs [subhead]

Another recurrence of the old thinking under the new conditions is the frequent attempt to replace the concrete values of the set normatives. If the normative is wrong, let us correct it in next year's figure. No one is immune to mistakes. But it should be remembered that the price of such a mistake is very high: It leads to a loss of confidence and a tendency to conceal reserves, that is, it nullifies the effectiveness of the normative methods of planning. After all, the high incomes left at enterprises' disposal after payment of all their debts to the state and to subcontractors constitute the very incentive which is designed to reveal production reserves. And this incentive can only work in conditions of stable plan normatives. It can...but will it?

Let us assume that we do resolve the problem of constructing a scientifically validated system of long-term plan economic normatives. Will new problems not arise or will old ones, including those which were in the background, not be aggravated? They already have been, in both instances. Leaving the details aside, any task involving the expansion of production, the assimilation of new output, or the introduction of new equipment is divided between two methods of solution which today are virtually independent of each other: The first is to obtain money, the second is to convert that money into goods and use them to acquire funds.

The contradictory nature of this everyday reality of economic life was not obvious while economic managers were largely dealing with resources which were not their own but were received from the budget, from the ministry. Ultimately, what is the difference: You "obtain" here, you "acquire" there. But when it is your money, which you have earned yourself, confusion occurs. What kind of self-financing is this if, for example, the Sumy machine tool complex is not free to buy the equipment it needs with money that it has earned itself because that is not part of the material and technical supply plan. But that plan is compiled in advance when the money did not exist. There is nothing to be gained from overpayment now. Then full economic accountability [khozraschet] and the entire system of economic normatives and incentives collapses before your eyes like a house of cards.

People used to say that the economy was inefficiently managed, with much overexpenditure of resources, because people were not finding those resources "out of their own pocket." Now that "own pocket" exists, but people cannot buy what they want when they want it. Thus they look to the center again on every matter and go knocking at Gossnab's door.

The biggest mistake would be to put the whole problem down to the shortcomings of the material and technical supply organs' work and to demand that they intensify, strengthen, and improve the current system of the distribution of resources. The essence of the question is to restructure this system using completely new principles of work. The "ration card" or job-schedule form of fund distribution is incompatible with the economic methods of centralized management and is a stumbling block to the democratization of economic life.

There is a firm stereotype in economic thinking which states that the distribution of material resources from stocks [fondirovannoye raspredeleniye] is due to their shortage and should be retained until that shortage ceases to exist. But what constitutes a shortage? In layman's terms a shortage means a lack of particular things. But what is shortage from the economic point of view?

In recent years a "fashionable" theme for discussion in economic and popular literature has been the question of the dictatorship of the producer, the adverse consequences of price rises, and the imposition on the customer of poor quality or substandard output. Here, however, as a rule, people lose sight of a very important question: How can the customer constantly find the money to pay for substandard output? After all, it is he who bears the loss when he receives goods which are either not what he needs or not quite right. Money is the most readily available resource. It is rare for an economic manager to complain about the high price of raw materials, equipment, and other materials. But they are not supplied free. Demand can outstrip production capacities. But the economy deals not with demands in general but with effective demand, that is, with demand backed by money. And when this demand exceeds supply, shortage occurs. In economic terms a shortage of goods means a surplus of money.

The appearance of "surplus" money in the national economy is preceded by the production of superfluous goods, which is generously financed by banking institutions. If an enterprise has produced substandard or unwanted output and the state, in the form of the material and technical supply organs and subcontractors (ultimately, the credit institutions), has paid for it, these money resources create excess demand for other output -- output that is needed. This opens the door to inflationary processes. That is why the congress raised so keenly the question of the impermissibility of this practice.

The struggle against this negative process has until recently been reduced to the establishment of supply priorities and rigid norm-fixing to match resources to the money at the disposal of sectors, associations, and enterprises. Ultimately we are talking about planning in kind [naturalizatsiya planirovaniya]. The planning organs are forces to work in two ways. On the one hand, when determining plan proportions and structural improvements they allocate capital investments in money terms and, on the other -- since the allocation of financial resources does not guarantee materials to match them -- they try to allocate resources in kind to those same sectors and spheres. The result of this work is the appearance in the national economy of zones with a different commodity-ruble match, that is, essentially different purchasing power. This affects the sphere of non-cash [beznalichnyy] and cash [nalichnyy] money circulation. Non-cash circulation, which primarily serves industry, has its own priority zones where money circulates more quickly and is more important. The purchasing power of the cash ruble is considerably differentiated region by region and is fixed primarily by the distribution of market funds by republic, oblast, and city.

The Status of the Ruble [subhead]

Centralized principles in socialist economic management cannot be strengthened without reliable economic indices. The economic effectiveness of structural improvements and the introduction of the achievements of scientific and technical progress must be based on a single system of weights and measures. The basis of this system is a sound currency unit, which in practice serves as a universal equivalent. The abundance of natural indicators not only complicates planning work and turns it into what is essentially day to day work, but also often renders the problem of the selection of the most effective solutions simply impossible. This applies particularly to tasks of an intersectoral nature. Improving the quality of centralized plan guidelines is directly linked to the quality of economic indices. Thus it can be asserted that /one of the main elements in the struggle to ensure real centralism is the strengthening of the money system./ [slantlines denote boldface as published] The link here is two-way: The clear, scientifically validated planning of money circulation creates favorable conditions for regulating planning work and developing methods of economic norm-fixing as an effective means of exerting the influence of the plan on socialist enterprises. "What is really important," V.I. Lenin emphasized, "is the question of stabilizing the ruble... If we achieve the long-term and, subsequently, permanent stabilization of the ruble, we shall have won... We shall then be able to build our economy on firm ground and continue to develop on that firm ground."

An equally close interaction can be seen when examining the role of money circulation in the implementation of the law on distribution according to labor. Economists have long been drawing attention to the rapid growth in the population's savings accounts. To a certain extent this process is logical and partly connected to the general improvement in working people's prosperity. However, the extraordinarily high rate of savings increase is a warning. [paragraph continues]

The average annual growth of savings in the 11th 5-Year Plan significantly outstripped the rate of national income growth. A considerable proportion of the population's savings may be regarded as "enforced" savings, that is, savings resulting from the lack of goods and services of a high quality and the required range. This makes people less interested in extra money earnings. Furthermore, the imbalance between money incomes and commodity supply is a breeding ground for redistribution processes of an antisocialist character (speculation and unearned incomes). Thus the strengthening of the money system in present-day conditions is an important condition of the effective realization of the socialist principle of social justice.

As we can see, a sound Soviet ruble works directly in favor of socialism and the realization of the principles of democratic centralism in economic management. The fate of the new economic mechanism depends to a decisive extent on the state of the financial system. The strengthening of the ruble cannot be regarded as just one measure among many of approximately equal importance. This is an essential condition for reviving economic interests and channeling them in the direction that society needs, for switching to real self-financing as a developed form of economic accountability [khozraschet], and, most important of all, the indispensible condition for strengthening the centralized principle in the management of the national economy.

ABALKIN INTERVIEW ON STRUGGLE WITH 'BUREAUCRATISM'

LD242234 Moscow Domestic Service in Russian 1500 GMT 24 Jun 87

[Interview with Leonid Ivanovich Abalkin, director of the USSR Academy of Sciences Institute of Economics, by correspondent Vladimir Nazarov; date and place not given -- recorded]

[Text] [Abalkin] The economic mechanism which exists today goes back many years. Its basic structure was shaped back in the thirties. Naturally, today's economy is quite different, and the methods of management must be different.

The weakest point in the existing mechanism, first, is that it is oriented toward a purely quantitative build-up in volume of production, whereas today's economy is an intensive-type economy, an economy oriented toward the consumer and toward solving social tasks; second, there is the predominance of administrative methods of management in the existing mechanism. Planning methods must also be changed. The system of price-fixing must essentially be corrected. We must build in a new way the system of distribution of resources and switch to a wholesale commercial means of oduction. We must link wages and the results of labor more closely. It is this complex of measures alone which can ensure a true acceleration of the economy and scope for such enterprise.

[Nazarov] Leonid Ivanovich, people often use the word bureaucratism to describe an insurmountable barrier. How can we combat this?

[Abalkin] Here is the institute we have now begun carrying out initial research into the roots of bureaucratism. This has now risen to the scale of a social problem, and in order to solve it we must not just use words and criticism; we must understand how it arises and where its social, organizational, and -- perhaps -- political roots lie. This problem has no simple solution. It presupposes, alongside the restructuring of the mechanism itself, an extension of the rights of enterprises, the protection of these rights and providing the collective with the opportunity of either accepting or rejecting proposed solutions and electing leaders. [paragraph continues]

But the struggle against bureaucratism presupposes -- as do measures of a noneconomic nature -- the development of openness and political democracy. The struggle against bureaucratism will be a long and complex one, but the process of restructuring will only be completed when we see this evil through to the end.

[Nazarin] It is now well known -- and the Central Statistical Administration reports point to this -- that our economy is moving in a somewhat jerky way on the path of restructuring. In your opinion, when will it be possible to see any practical results and any possible new changes?

[Abalkin] I believe that certain changes can already be observed. For example, many people could not even dream of the opportunities and rights that they have received as regards technical modernization, access to foreign markets, and establishing direct contacts. Although this is still, as it were, half-hidden, and the flow of quality goods and goods in high demand has still not started to pour out, I think that we can expect the first results -- fairly notable ones -- by the end of the current 5-year plan, but this will still not be a radical turning-point. These will be the first steps, because for the system to work a whole complex of measures has to be carried out. These measures may be implemented in full, of course, by the start of the next -- 13th -- 5-Year Plan. In other words, this movement will not be a sudden one, and one should not build illusions that everything can be changed very quickly. And people, too, must be restructured, and new technology must be mastered. But we will move forward consistently and the positive effect will grow as the years go by.

SUPREME COURT EXAMINES ECONOMIC ZONE LEGISLATION

LD232112 Moscow TASS in English 2011 GMT 23 Jun 87

[Text] Moscow June 23 TASS -- A regular plenary meeting of the Supreme Court of the U.S.S.R. examined the issue of application by the courts of law of the legislation designed to protect the Soviet economic zone.

Substantial reserves of live natural resources, including valuable fish species, are situated in the economic zone of the U.S.S.R. Therefore, the correct application of the legislation designed to combat law-breaking in that zone acquires great importance. In 1985-1986 alone 770 violations by foreign citizens and legal persons were registered. Most of them occured in the waters adjacent to the regions of the Soviet Far East.

In its resolution the plenary meeting drew the attention of the courts of law that in compliance with the February 28, 1984 decree of the Supreme Soviet of the U.S.S.R. "On the Economic Zone of the U.S.S.R." and other legal acts promulgated on its basis the economic zone of the U.S.S.R. included sea regions outside the Soviet territorial waters and adjacent to them (including regions around the islands belonging to the U.S.S.R.) the outward frontier of which was located at a distance of 200 nautical miles from the line accepted for determining the width of the territorial waters.

Courts of law can apply the measures of liability formulated by that decree for illegal fishing, illegal exploration or development of natural resources, pollution of the marine environment, the burial of substances injurious to human health and to live sea resources, for conducting scientific research at sea without the consent of the competent bodies and for certain other violations committed within the limits of the economic zone.

The same measures shall be applied for the illegal fishing for salmon and other fish species living in the ocean but ascending rivers of the U.S.S.R. for breeding (so-called anadromous fish species) in case of illegal fishing for them outside the economic zone of the U.S.S.R.

In such cases both Soviet and foreign citizens and legal persons guilty of committing the aforementioned violations shall be held liable.

In examining cases involving the imposition of fines for illegal exploration or development of natural resources in the economic zone of the U.S.S.R., for conducting marine scientific research in that zone without the consent of the Soviet competent bodies, the creation of artificial islands, the construction of installations and structures and for establishment of safety zones around them without due permission, the courts of law were instructed to use, when necessary, by way of additional punishment (apart from a fine which may be up to 100,000 rubles) the confiscation of the vessel, installations, fishing gear, equipment tools and other articles used by the law-breakers as well as everything that has been procured illegally. Such punishment can be applied also in case when the articles used by the law-breakers belong not to them, but to other persons.

Simultaneously with the application of the aforementioned punishments (fine, confiscation of vessel, fishing gear and so on) the court should decide the issue of compensation for the damage caused to the live and other resources of the economic zone of the U.S.S.R. and to the reserves of anadromous fish species.

The courts of law were instructed to enhance supervision over the execution of the resolutions and decisions passed in cases related to the breach of the legislation on the economic zone of the U.S.S.R.

PRAVDA REVIEWS BOOK ON NATURE, ROLE OF MARKET

PM231104 Moscow PRAVDA in Russian 21 Jun 87 Second Edition p 2

[V. Glagolev "Book Review": "The Capitalist Market: Myth and Reality"]

[Text] "The economic theory of Marx is numbered among the remarkable creations of human reason. No other teaching can compare with it in terms of its universality combined with the strictest monism. In this theory, boundless multiplicity of facts whose link is concealed from the untrained eye or is paradoxical and incomprehensible are united in a single whole. To use Lenin's expression, it is cast, so to speak, from a single piece of steel, from which not a single basic premise, not a single substantial component can be separated." That is how this book begins; a book devoted to what is perhaps one of the most acute problems facing Soviet economists today -- the problem of the market and its nature and role in the conditions of different social formations (footnote) (V.G. Shemyatenkov: "Between the Spontaneous and the Systematic" ["Mezhdu Stikhiyey i Planomernostyu"], Moscow, Mysl Publishing House, 1987, 270 pages).

Now that a new reform of the economic mechanism has begun in our country on the party's initiative and the question is being raised of the wide utilization of economic methods of planned management of social production and commodity-money relations, the theoretical and practical significance of this problem gains sharply in relevance. Its ideological aspect is also highly topical. Immediately after the 27th CPSU Congress it could be expected that the question of the market would become a central issue in the long-term propaganda campaign begun by our ideological opponent with a view to falsifying the concept of socioeconomic acceleration. That is indeed what happened.

Great events give rise to persistent myths. Since the first industrial revolution bourgeois social consciousness has been characterized by a fetishistic concept of the market, an almost religious faith in its implacable force, which supposedly miraculously resolves all problems. As V.G. Shemyatenkov rightly writes, "the market is represented by bourgeois ideologists as an eternal, natural, irreplaceable form of social link in the conditions of the developed division of labor. The 'invisible hand' of market competition ensures, in their opinion, the greatest efficiency in the economy, freedom and justice in social relations, and democratic pluralism in politics." It is not surprising that they try to turn the idol of the market into the ideal of socialism too. Distorting Marxism-Leninism, they see "market socialism" as the basis for the "democratization" and "humanization" of socialist society. Thus of all the bourgeois and reformist propaganda stereotypes the myth of the market is the most dangerous.

Experience shows, the book notes, that a certain proportion of the working people, being unable to attain a scientific understanding of the nature of the processes taking place in the world, are the captives of illusions cunningly and skillfully created by Western propaganda. They pin hopes for a rapid and easy growth of prosperity on the use of spontaneous market forces in the conditions of socialism. This ideological phenomenon is based on the peculiarities of the revolutionary transition from capitalism to socialism and the development of the communist formation.

The economic mechanism of state monopoly capitalism incorporates the contradictions of the last antagonistic society. In the name of prosperity for the few and at the cost of the intensification of the exploitation of the majority of the planet's population, it ensures the economic efficiency of production, the as yet unsurpassed quantity and quality of the use values produced, and the introduction of the achievements of technical progress. Scientific objectivity has enabled the author to uncover this paradox, which arises from the complex, ambivalent relationship between the socioeconomic nature of the capitalist method of production and the economic machinery which objectively prolongs its historical term of existence. By obscuring the meaning of this, bourgeois propaganda instills the market myth.

Of course, this does not exhaust the content and merits of the monograph under review. The strictly consistent analysis of the forces making monopoly capital "work for society" and push production forces onward must be deemed to be to the author's credit. There are very interesting chapters on "Marx on the Market and Competition" and "The Socialist Alternative." The author's proposals on the forms of the foreign economic activity of enterprises, associations, and ministries in the conditions of radical economic reform also merit attention. To succeed in the modern capitalist market, it is necessary to be clearly aware that it is a system of tough monopoly competition.

The struggle against the bourgeois revisionist concepts of the "market economy" and "market socialism" and a knowledge of the strong and weak aspects of the opposing economic system are inextricably linked to the creative development of Marxist-Leninist political economy. And V.G. Shemyatenko's book is a contribution to this.

ESTONIAN ACADEMICIAN ON FINANCING OF AGRICULTURE

PM220942 Moscow IZVESTIYA in Russian 18 Jun 87 Morning Edition p 2

[Article by M. Bronshteyn, academician of the Estonian SSR Academy of Sciences, under the rubric "Restructuring and the Economic Mechanism": "Prompting Action"]

[Text] Tartu, Estonian SSR -- Unfortunately, in agriculture today an increase in the capital-labor ratio is not always accompanied by a corresponding increase in production. Hence the general slowing of the pace and the increased cost of the end product. That is why it is so important, as the 27th CPSU Congress decisions demand, to make the transition more rapidly from the resource-intensive strategy to the resource-saving strategy of intensive development. Thus is Estonia preparations are already under way for the next stage in the economic experiment: The republic's agro-industrial complex is in the main already going over to the economic accountability [khozraschetnyye] principles of financial viability [samookupayemost] and self-financing [samofinansirovaniye].

The transition to full economic accountability presupposes the opportunity to use the money earned to acquire those means of production and services which will make it possible considerably to increase labor productivity and thereby reduce the cost of output. But it is no secret that in recent decades prices of the means of production and services offered to agriculture have increased more rapidly than their efficiency. The rise in prices, which was represented as the natural cost of technical progress, did not lead to a reduction in expenditure per unit output.

IZVESTIYA (No 115) recently published an open letter from the machine operators of the Brailovskiy Sovkhoz to the Gomeselmash workers, and not to them alone. What was this letter about? The Gomselmash produces to KSK-100 self-propelled feed harvesting combine, which is four times more costly and heavier, but less reliable and therefore less productive, than the old KSS-26. The result -- more expensive milk. And the machine operators, apparently far removed from traditional political economy, quite reasonably ask the designers of the "new" machine: How would they like it if the stores sold them milk not at 24 kopeks a liter, but 96?

Yet the ministries and plants are drawing up the most detailed plans for scientific and technical progress and for reaching world standards. These plans should inspire optimism. Let us observe that on paper the KSK-100 did not look at all bad (otherwise its production would simply not have been permitted). But in real life? As the machine operators write, "agricultural workers, and indeed the country as a whole, would have been far better off if the Gomel machine builders had not designed anything new, but gone on producing the old model of equipment."

Renounce the planning of scientific and technical progress? That would mean condemning ourselves to backwardness, with all the ensuing consequences. But it is not enough to have plans for scientific and technical progress, it is important to create the economic conditions that would prompt -- or rather, economically force -- all economic components to seek and implement really progressive technical, technological, and organizational decisions.

This problem cannot be resolved through the customary apportionment and allocation of material and technical resources. The existing system, by ensuring monopoly conditions for the producer, retards and distorts scientific and technical progress. It seems that everyone now agrees that it is necessary to go over from allocations to wholesale trade in the means of production. [paragraph continues]

But how? There are various approaches here. Certain experts in material and technical supply propose going over to wholesale trade only in those means of production which are already in surplus. If various machines have accumulated in the warehouses, they say, let us stop allocating them and start selling them freely. But people will not always take these machines -- people begrudge their own money. They will take them, the suppliers assure us -- there is no choice. So much for "free" trade from the departmental standpoint.

Wholesale trade will produce the necessary results if the consumer has a choice and if he, by giving preference to the more efficient equipment, provides the economic stimulus for the producers to implement rapidly those ideas and solutions which are really (not just on paper) progressive. In this case economic competition will operate horizontally and vertically: The economic accountability of agricultural enterprises will come together with economic accountability in industry and agricultural services. And it will all be oriented toward obtaining the end result -- grain, meat, milk, and so forth, for the lowest possible expenditure.

But how can we ensure choice and competitiveness in the market for agricultural machinery and other means of production? After all, our consumers give preference to certain imported machines, such as the GDR-manufactured E-516 grain harvesting combines and E-280 feed harvesting combines. But these are in short supply. The shortage can, of course, be removed by economic means, by regulating prices on the domestic market. But has not the time come for us to set up a common market for agricultural machinery with the socialist countries? This is entirely in the spirit of decisions on economic integration. Let the machine builders compete. We will all gain from such competition. The only loser will be the departmental monopoly, and certain seemingly irrefutable truths will fade.

Thus in accordance with departmental criteria for efficiency, it is still considered advantageous to build giant agricultural machine building and processing industry plants: The state pays the full price for real and not so real technical progress. Meanwhile the number of medium-sized and small enterprises is growing in the world at large. What, have the capitalists forgotten how to count money? It must be economically advantageous. Modern flexible manufacturing systems make it possible rapidly to set up production at the necessary technical standard at relatively small and medium-sized enterprises. The lead time is reduced, better use is made of local material resources and manpower, production sharing is widened, the load on the external environment is lessened, and so forth. Another very important point is that the utilization of both medium-sized and small enterprises makes it possible considerably to increase the number of modifications of machinery to take account of local farming conditions.

In our country favorable conditions exist for the rational combination of large-, medium-, and small-scale production in the agro-industrial complex. Take, for instance, the enterprises of the former State Committee for the Supply of Production Equipment for Agriculture. Nowhere in the world are so many people involved in repair work. And what fine natural talents work in the system, what splendid designs they have created! If only agricultural machine building produced more reliable machinery -- how many resources could be saved! But what could then be done with the production areas and the people employed in repair work? Yet at the moment people at the Valga enterprise of the Estonian SSR State Agro-Industrial Committee are forced to set up for themselves the production of a new seeder with local and dose-regulated application of fertilizers, which makes it possible to increase the yield by 13-15 percent and productivity by 20-25 percent, reducing final production costs and the burden on the external environment. True, it is not easy to push the innovation through the departmental and other boundaries. It is easier to follow the tried and tested path.

Let me cite another example. The Estonian SSR's Khaapsaluskiy Rayon Agro-Industrial Association had the idea of setting up an industrial center for the processing of produce: relatively small (working for the rayon) dairy, meat, and mixed feed enterprises under one roof, with an integrated transport system. The economic and social advantages of the project are obvious: less expenditure on the end product, waste-free technology, fuller employment of manpower. In the neighborhood, in Pyarnuskiy Rayon, a large dairy combine is being erected from state resources, and in Rakvereskiy Rayon an even bigger meat combine is planned.

I asked V. Udam, first secretary of Pyarnuskiy Raykom (who is, incidentally, very receptive to progressive ideas) how he views the Khaapsaluskiy Rayon idea. Coolly, it appears. He explains: Our neighbors have to push an unusual project through various departments and find the material and financial resources to put it into practice, whereas we were assigned the project, the resources, and the money by the state. But, I asked him, what if you had to build it from your own money, money earned by the rayon, and buy the resources? Then, he replied, that would be a different matter. We would probably have found a more efficient solution: We would have modernized two or three old dairy plants, and it would have worked out cheaper.

So economic accountability is again needed. It is also necessary to change the methods of centralized regulation of scientific and technical progress. That same Khaapsaluskiy Rayon Agri-Industrial Association does not have enough of its own resources to implement the innovative decision. The association has some $200,000 of its own resources in its development funds, but the project's implementation requires at least 10 times that. Should the project's implementation be dragged out for 10 years? You could ask for credit, of course, but it is hard to obtain it for an unusual project. And everyone knows Lenin's tenet to the effect that everything really new should have the financial support of the state.

State financial support for agriculture, the so-called subsidy system, is a widespread phenomenon in the modern world, and that includes the developed capitalist and socialist countries. There is also some historical justification for it -- the modern industrial potential was created to a large extent on the basis of material and labor resources taken from agriculture. The time has come to pay the debt. But state subsidies are not charity. The increased competition in the world food markets leads to an increase in expenditures on subsidizing the process of innovation -- that is, the process aimed at achieving the highest possible efficiency -- whereby only those scientific research studies (including fundamental research) and technical and design solutions that lead to a reduction in prooduction costs can count on state support.

Thus Hungary's well-known achievements in the development of agricultural production are largely due to active state influence on the innovation process. Subsidies are allocated selectively, on a competitive basis, for projects which guarantee a real increase in efficiency. At the same time there is in operation an agrarian innovation bank which can take on risks on condition that it obtains a share of the profit. In production itself there are numerous agricultural industrial systems in operation, whereby sophisticated technology is developed on economic accountability principles by the leading farm or gestor [word as transliterated], and is introduced on the farms which are members of the system. Thus an integrated innovation mechanism operates in the agro-industrial complex, making it possible in a short space of time to reach the most advanced world standards in a number of areas (especially grain cultivation and broiler production).

Moreover the agrarian sector produces substantial currency revenue from food exports. [paragraph continues]

True, in recent years the Hungarian economy has encountered certain difficulties connected with the increased competition in the food market and falling world prices for grain and meat. But here too a way out is envisaged, by means of improving the innovation strategy.

Certain elements of the innovation mechanism operate in our country too. Long-term targeted programs for scientific and technical progress have been elaborated. Targeted scientific and technical progress funds are being set up in the republican agro-industrial committees. Firms are appearing (in the Baltic region, for instance) which organize on economic accountability principles the introduction of progressive techniques in the production and processing of agricultural produce. But all these elements should be brought together into an integrated system ensuring the reliable selection, material support, and speedy introduction of really progressive ideas and decisions at all economic levels.